A YEAR OF LOOKING FORWARD

LITTLE ELM

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Little Elm, Texas | Fiscal Year ended September 30, 2021

LITTLE ELM

Our Values

are who we are

INTEGRITY

We are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.

CUSTOMER SERVICE

We are respectful, positive, attentive, approachable, responsive, and empathetic. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are courteous, patient, humble and professional.

SERVANT LEADERSHIP

Putting the needs of others before one's self

EFFICIENCY

We recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, with proper use of taxpayer dollars, and without compromising quality.

INNOVATION

We have a willingness to grow, to explore new ideas and to challenge the status quo. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity and reasonable risk, we will build a stronger, healthier Town together. We are an organization dedicated to learning and continuous improvement.

Town of Little Elm, Texas

Annual Comprehensive Financial Report

LITTLE ELM

Fiscal Year Ended

September 30, 2021

PREPARED BY:

Kelly Wilson, CPM, CGFO—Chief Financial Officer

Dianne Lawson, CGFO—Asst. Director of Finance

Glenna Culverhouse—Controller

Crystal Williamson

Rebecca Hunter

Shane Urrutia

Sheryl Champlin

Cindy Alonzo

Shelly Newell

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Town of Little Elm, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021
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Introductory Section

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Town of Little Elm

March 9, 2022

To the Honorable Mayor, Members of Town Council, and
Citizens of Little Elm, Texas:

The Town's management staff is pleased to submit the Comprehensive Annual Financial Report of the Town of Little Elm ("Town") for the fiscal year ending September 30, 2021. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general purpose local government publish, within six months of the close of fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2021.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to obtain an annual audit of the financial records and financial activities of the Town. Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants, have audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2021, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified ("clean") opinion that he Town's financial statements for the fiscal year ended September 30, 2021, and are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

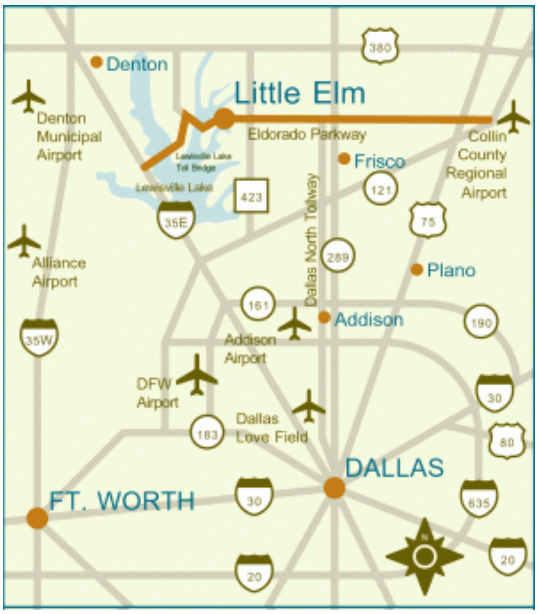
Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

TOWN PROFILE

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. The Town operates as a Council-Manager form of government with the Town Council comprised of a mayor and six council members. The term of offices are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district. Council Member elected in at-large place 1 shall serve for a term of two (2) years until the election in May 2022, after which time the Council Member elected in at-large place 1 shall serve a term of three (3) years from that election going forward. The Council Member elected in single member district Place 5 shall serve a term for two (2) years until the election in May 2023, after which time the Council Member elected in single member district Place 5 shall serve a term of three (3) years from that election going forward.

Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, under the oversight of Town Council, serves as chief administrative officer by executing the laws and administering the government of the Town, as directed by the Town Council policies.

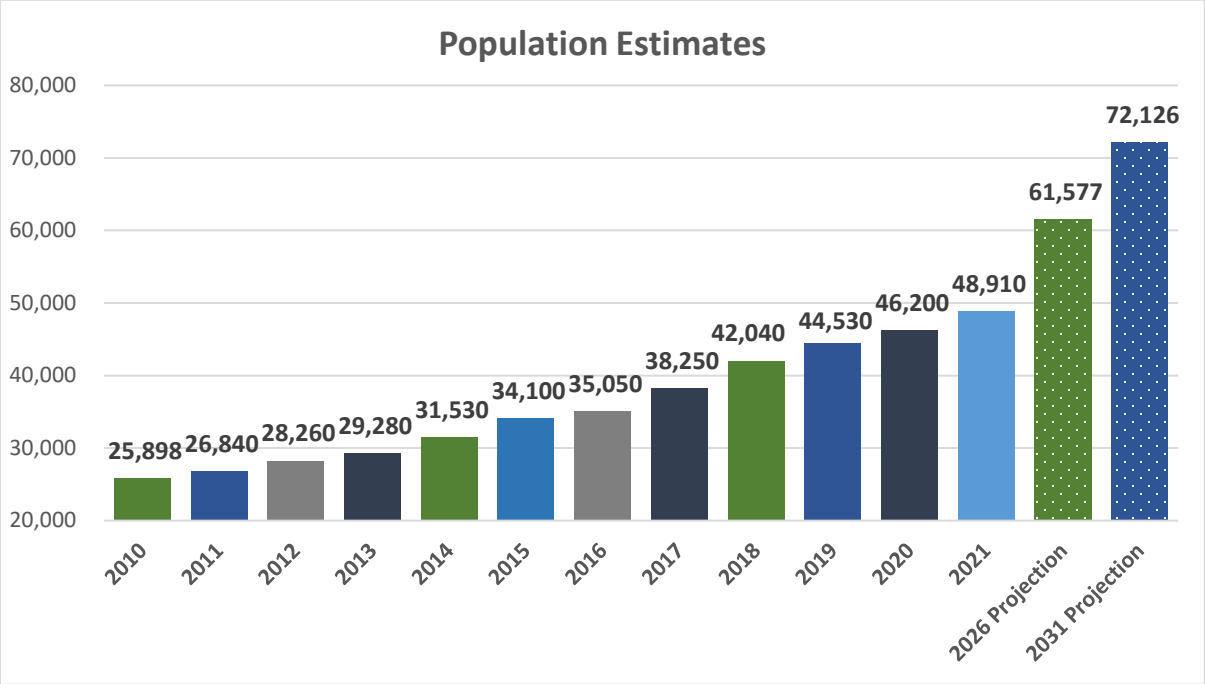
Little Elm is located in North Central Texas, and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Little Elm is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and bringing attractions within the DFW region.



An inventory of the different school districts within the Little Elm's corporate limits and ETJ is useful in attracting homebuyers. Little Elm has three school districts providing services to the community. The Little Elm Independent School District ("ISD") serves the majority of the community. The Denton ISD covers the northern section of the community and serves development along Highway 380. The Frisco ISD serves the eastern section of Little Elm.

The mission of the Town of Little Elm is to build our unique lake opportunities and small-town charm, encourage diverse housing options and business opportunities, and provide an unmatched quality of life. The vision of the Town of Little Elm is a distinct and desirable lakeside destination for all people to live and play while enjoying a safe, vibrant, and welcoming community.

The 2010 Census population for the Town was 25,898, and the 2021 estimate is 48,910.



Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Little Elm staff.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and wastewater, drainage and sanitation services. The Town operates its own wastewater treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the

preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The contract of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on a full accrual basis.

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during budget workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required notices, publications, and public hearings on the proposed tax rate and budget are held to allow for public input.

The objective of budgetary controls is to ensure compliance with legal provision contained in the annual budget approved by the Town Council. The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. This budgetary level serves as the foundation for the Town's financial planning and control. The Town Council approves any amendment or additional funding requests for appropriations when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process. These amendments shall be by ordinance, and shall become an attachment to the original budget.

The accompanying Annual Comprehensive Financial Report incorporates all funds of the Town and includes all government activities, organizations and functions for with the Town is financially accountable including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

Relevant Financial Policies

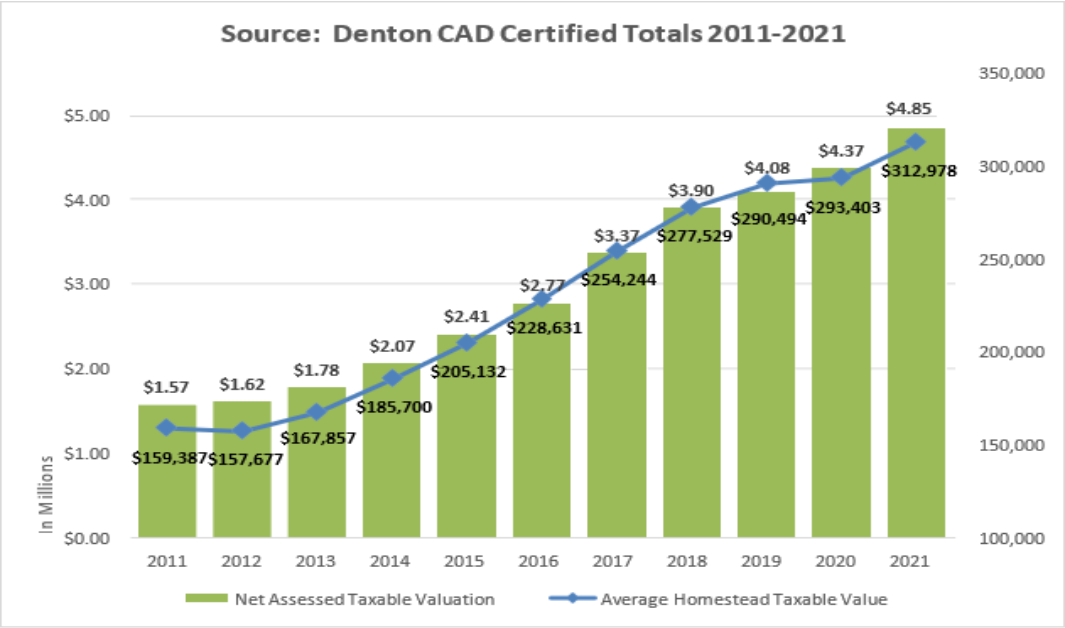
The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund equal to three months or 25% of the regular General Fund operating expenditures. Additionally, The Town will maintain a reserve of cash and

investments in the Water Wastewater Fund equal to two months (60 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

The Town has an established a comprehensive financial policy with subsections dedicated to investments, purchasing, budgeting, asset management, P-Cards, and debt. In 2019, a debt post issuance policy was added. The debt post issuance policy outlines the Town's responsibility to comply with bond covenants including applicable code provisions or regulations. This policy also designates who is responsible for such actions.

ECONOMIC CONDITIONS AND OUTLOOK

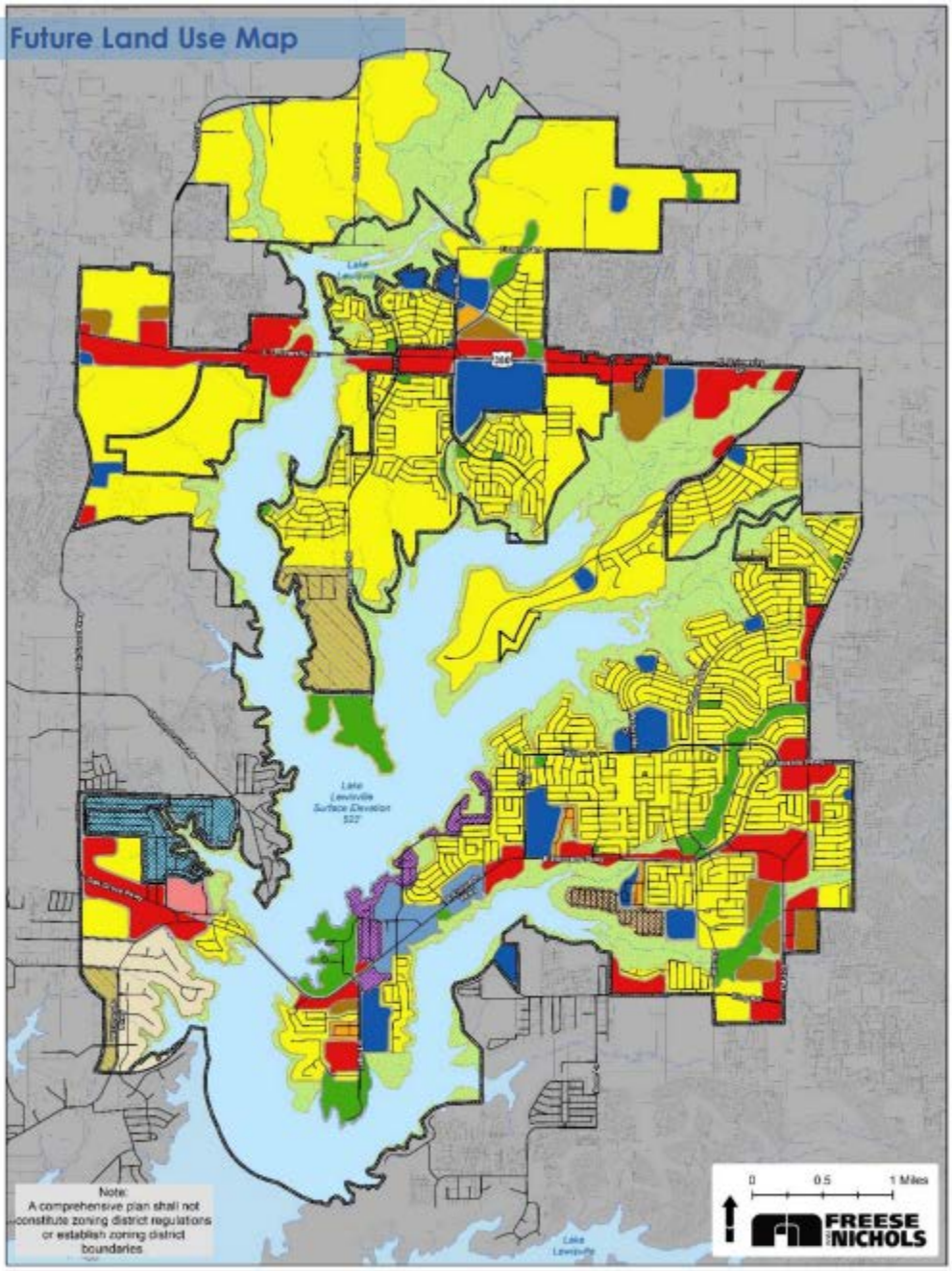
The Town continues to manage and plan for the continued growth as a result of the strong economy in the Dallas-Fort Worth area. New development is guided by design guidelines, a 2017 Comprehensive Plan, a Strategic Plan, and a Capital Improvements Plan. Unlike the cities of Dallas, Plano, and Frisco located to the south, the Town of Little Elm is characterized as a lake front community that is made up by a variety of single-family neighborhoods and master planned developments. While residential growth remains strong with 1,250 single family permits issued in 2021, the Town is a full service town of 50,000+ residents. The Town offers a variety of commercial retail and shopping opportunities as well as a regional destination area, the Lakefront District. In 2021, we welcomed 12 new businesses and new non-residential construction valued at $56.8M. The Town also has over 895,000 square feet of shovel ready non-residential uses that are approved for construction in 2022. Lastly, we have 2,137,086 square feet of office/retail space available for lease with a current lease rate of 90.39%.



The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2017. Policy-makers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Little Elm.

Future Land Use Map



LITTLE ELM

Future Land Use

- Estate Residential
- Ranchette Residential
- Low Density Residential
- Medium Density Residential
- High Density Residential
- Public/Semi-Public
- Parks and Open Space
- Floodplain/ CORP
- Retail/ Commercial
- Lakefront District
- Special Planning Area 1
- Special Planning Area 2
- Special Planning Area 3
- Mixed Use
- Lake Lewisville
- Town Limits
- ETJ
- Streams

LONG-TERM FINANCIAL PLANNNG

Long-Term Financial Planning Process

- **Comprehensive Strategic Plan Update:** Council was recently updated on the Town's Comprehensive Strategic Plan the first of 2022 after Town staff provided an extensive plan update that outlined all of the goals and initiatives that had been accomplished from 2013-2020. This helped outline the objectives Town Council established to provide a community that is safe, diversified in housing opportunities, and inclusive. For more information about the Town's Strategic Plan that sets the vision for the Town and charts its course for the community, please visit: https://issuu.com/townoflittleelm/docs/2021_strategic_report_final.

- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2021 was the eighth year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 380 for the 2021-2022 budget.

- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs along with debt service levels based on policies established.

Anticipated Long-Term Financial Impacts

Due to the Town's economic growth, Town Council created six Public Improvement Districts ("PID") and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). These Special Districts are separate, special-purpose governmental units that exist separately from local governments. They are formed to perform a single function or a set of functions. Note 14 to the Financial Statements specifically addresses the creation for each zone and district.

A significant partnership has been established with the City of Denton through an interlocal cooperative agreement for the use of providing equipment and personnel to provide 9-1-1 call answering, processing and dispatching services through Public Safety Emergency Dispatch Center. This partnership accomplishes a long-term objective to find a long-term solution to dispatch services. The traditional contract with Denton County was at its capacity for servicing the rapid growth needs in Little Elm. This new partnership has provided a higher level of service to the residents and allow the Little Elm Fire and Police Departments to provide outstanding level of

service to the area. The Town also executed a new agreement for Fire and EMS services contract to serve the Town of Cross Roads.

The Town facilitated in the development of a master-planned community that created the framework of public streets, over 2,000 homes, a Little Elm ISD school, a fire/ems station, trail systems, open spaces, and amenity centers.

The Town completed the construction of the 42,000 square-foot indoor aquatic park called the Cove at the Lakefront™ in February 2021. The venue opened in March of 2021 and has attendance since opening of 118,600. The venue has been well received even in the midst of a pandemic.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the eleventh year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town is also re-applying for the Popular Annual Financial Report (PAFR) award that was received for the second time last from GFOA. This report is designed to provide a user friendly and easily understood report to the public and other interested parties that lack a background in public finance. It is the Town's desire to achieve this award every year.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. We would also like to thank the Mayor and Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Matt Mueller
Town Manager

Kelly Wilson, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm
Texas

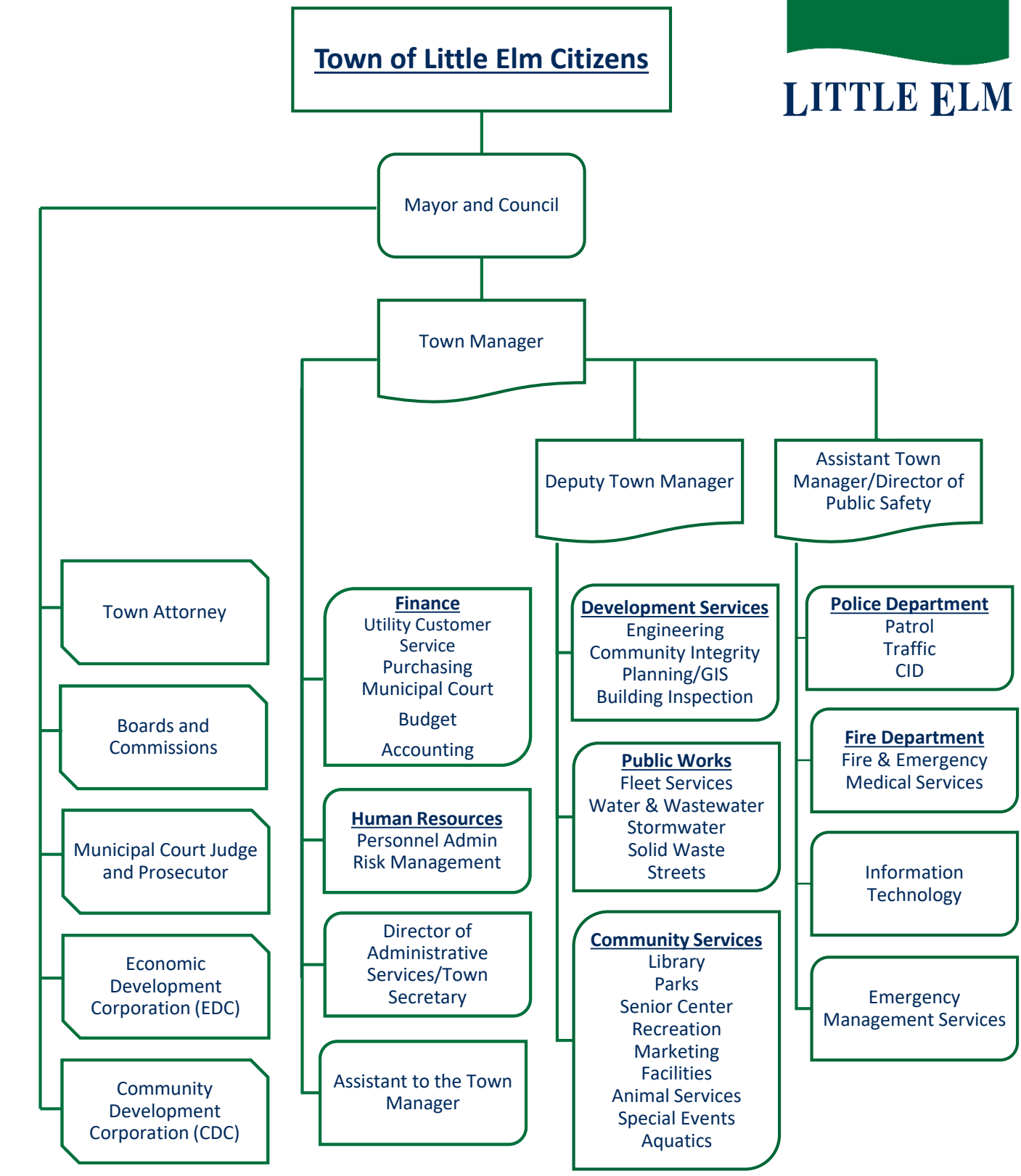
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



TOWN OF LITTLE ELM, TEXAS

Town Officials

Council Members

Curtis J. Cornelious	Mayor
Neil Blais	Mayor Pro Tem, District 3
Jamell Johnson	At Large, Place 1
Tony Singh	District 2
Lisa Norman	District 4
Jeremy Lukas	District 5
Michael McClellan	At Large Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Kelly Wilson	Chief Financial Officer
Rodney Harrison	Police Chief
Caitlan Biggs	Town Secretary
Paul Rust	Fire Chief
Deidre Hale	Director of Human Resources
Joe Florentino	Assistant Town Manager/Director of Public Safety
Jason Shroyer	Director of Public Works
Chad Hyde	Director of Parks and Recreation
Fred Gibbs	Director of Development Services
Jennette Espinosa	EDC Executive Director

Town of Little Elm

MAYOR AND TOWN COUNCIL

Neil Blais
Mayor Pro Tem
District 3

Mayor Curtis J. Cornelious

Tony Singh
District 2

Lisa Norman
District 4

LITTLE ELM

Jeremy Lukas
District 5

2020-2021 Annual Comprehensive Financial Report

Jamell Johnson
At Large, Place 1

Michael McClellan
At Large, Place 6

Financial Section

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Independent Auditor's Report

To the Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm (the Town), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, during the year ended September 30, 2021, the Town implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the fiduciary funds has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-15), budgetary comparison information (pages 76-78), and TMRS pension and OPEB schedules (pages 79-82) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 9, 2022

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As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative overage and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $338,216,035 (net position). Of this amount $55,047,436 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $74,014,436 during the fiscal year.
- The Town's total amount of long-term liabilities is $125,875,934, which is a net increase of $17,473,079 when compared to the prior year. During 2021, the Town issued $21,765,000 of Certificates of Obligation.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $110,882,921, an increase of $61,344,819 in comparison with the prior year. The increase is due largely to the issuance of debt in 2021 and to the expansion of PID capital projects within the Town. Within this total, $77,720,015 (70%) is restricted by specific legal requirements, $33,038,134 (30%) is unassigned fund balance, and $124,772 (.1%) is nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund financial statements. The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the PID capital projects fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund, the PID Custodial Fund.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2021, the Town's net position (assets exceeding liabilities) totaled $338,216,035. This analysis focuses on the net position (Table 1) and charges in net position (Table 2).

Net Position. The largest portion of the Town's net position, $217,747,766 or 65% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $65,420,833 or 19%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $55,047,436 or 16% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 123,754,834	$ 63,465,299	$ 40,760,621	$ 28,004,184	$ 164,515,455	$ 91,469,483
Capital assets	223,994,296	208,300,946	81,935,027	81,078,661	305,929,323	289,379,607
Total assets	347,749,130	271,766,245	122,695,648	109,082,845	470,444,778	380,849,090
Deferred outflows of resources	3,342,326	2,993,678	892,110	888,391	4,234,436	3,882,069
Current liabilities	6,870,590	8,298,257	2,502,734	2,573,885	9,373,324	10,872,142
Noncurrent liabilities	80,029,897	68,789,103	45,846,037	39,613,752	125,875,934	108,402,855
Total liabilities	86,900,487	77,087,360	48,348,771	42,187,637	135,249,258	119,274,997
Deferred inflows of resources	1,112,117	1,143,216	101,804	111,347	1,213,921	1,254,563
Net position:						
Net investment in capital assets	171,316,394	157,699,639	46,431,372	44,190,975	217,747,766	201,890,614
Restricted	60,716,093	15,434,016	4,704,740	4,376,151	65,420,833	19,810,167
Unrestricted	31,046,365	23,395,692	24,001,071	19,105,126	55,047,436	42,500,818
Total net position	$ 263,078,852	$ 196,529,347	$ 75,137,183	$ 67,672,252	$ 338,216,035	$ 264,201,599

Changes in Net Position. The net position of the Town increased by $74,014,436 from the prior year.

Governmental Activities. Governmental activities increased the Town's net position by $66,549,505 from the prior year. This was due in large part to the increase in capital grants and contributions. These contributions are largely the result of increased operations of the public improvement districts within the Town. This, in turn, brings in more tax revenue to the Town that support services. Additionally, the Town experienced significant growth in charges for services. This growth can be attributed to development growth which has risen significantly now that the economy is recovering from COVID.

Business-type Activities. Net position from business-type activities increased $7,464,931 from the prior year. Increased utility revenues from growth of our customer base are partially responsible for this increase in net position. However, previously approved solid waste rate increases as well as capital grants and contributions for the Water and Sewer Fund also played a role in our increase in the net position since the prior fiscal year.

Government-Wide Financial Analysis

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 18,415,911	$ 11,098,392	$ 22,353,831	$ 21,871,215	$ 40,769,742	$ 32,969,607
Operating grants and contributions	3,830,214	4,403,463	-	288,654	3,830,214	4,692,117
Capital grants and contributions	61,971,547	8,561,351	3,520,701	3,695,752	65,492,248	12,257,103
General revenues:						
Property taxes	28,852,488	27,474,111	-	-	28,852,488	27,474,111
Sales taxes	7,258,930	6,201,247	-	-	7,258,930	6,201,247
Franchise taxes	2,279,437	2,265,747	187,207	173,375	2,466,644	2,439,122
Investment Income	373,282	999,944	228,569	426,620	601,851	1,426,564
Other	142,857	1,052,785	-	9,007	142,857	1,061,792
Gain on sale of capital assets	604,039	12,422	246,235	-	850,274	12,422
Total revenues	123,728,705	62,069,462	26,536,543	26,464,623	150,265,248	88,534,085
Expenses:						
General government	12,236,888	6,028,316	-	-	12,236,888	6,028,316
Community service	3,224,276	3,072,109	-	-	3,224,276	3,072,109
Public safety	25,324,342	21,585,797	-	-	25,324,342	21,585,797
Public works	9,051,190	7,500,282	-	-	9,051,190	7,500,282
Culture and recreation	8,034,076	6,223,043	-	-	8,034,076	6,223,043
Interest expense	1,684,428	1,961,911	-	-	1,684,428	1,961,911
Water and sewer services	-	-	14,115,471	13,570,792	14,115,471	13,570,792
Solid waste services	-	-	2,580,141	2,345,983	2,580,141	2,345,983
Total expenses:	59,555,200	46,371,458	16,695,612	15,916,775	76,250,812	62,288,233
Change in net position before transfers	64,173,505	15,698,004	9,840,931	10,547,848	74,014,436	26,245,852
Transfers	2,376,000	2,366,000	(2,376,000)	(2,366,000)	-	-
Change in net position	66,549,505	18,064,004	7,464,931	8,181,848	74,014,436	26,245,852
Net position - beginning	196,529,347	178,465,343	67,672,252	59,490,404	264,201,599	237,955,747
Net position - ending	$ 263,078,852	$ 196,529,347	$ 75,137,183	$ 67,672,252	$ 338,216,035	$ 264,201,599

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $110,882,921.

Table 3
Governmental Funds
Condensed Balance Sheet

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
Assets	$ 35,734,791	$ 970,554	$ 35,427,393	$ 38,136,391	$ 8,967,948	$ 119,237,077
Liabilities	$ 2,213,076	$ 56,730	$ 1,917,644	$ 61,004	$ 2,558,813	$ 6,807,267
Deferred Inflows of Resources	357,168	36,273	1,103,648	-	49,800	1,546,889
Fund Balances	33,164,547	877,551	32,406,101	38,075,387	6,359,335	110,882,921
Liabilities, Deferred Inlows of Resourses and Fund Balances	$ 35,734,791	$ 970,554	$ 35,427,393	$ 38,136,391	$ 8,967,948	$ 119,237,077

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $33,039,775. The unassigned fund balance of the General Fund increased by $7,523,978 primarily due to increases in revenues for property taxes, sales taxes, licenses and permits, intergovernmental revenues, and charges for services. All of these increases can be attributed to economic recoveries seen post-COVID, but they can also be attributed to the opening of The Cove at the Lakefront®, the Town's new 42,000 square foot indoor waterpark facility that provides a destination venue.

The Debt Service Fund had a decrease of $201,146 in fund balance. This decrease can be attributed to excess debt service reserves being returned to nonmajor governmental funds. The Capital Projects Fund increased by $16,927,953 primarily due to the net effect of capital outlay expenditures on various projects and the issuance of debt with a premium totaling $15,181,340 this fiscal year. PID Capital Projects Fund increased by $36,680,210 due to the expansion of PID projects within the Town. Other governmental funds' combined fund balances increased by $370,743 with almost the entire ending fund balance of $6,359,335 restricted for specific purposes.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was $24,001,071. This represents an increase of $4,895,945. The increase is attributable to gains in water and sewer sales revenue and from maintaining operating expenses consistent to the prior year amount. This year's operating revenue was $22,353,831. The slight increase of $184,955 from last year's operating revenue is attributable to increases in water and sewer sales and solid waste charges for services revenue, due to increases in rates and charges with increased consumption.

General Fund Budgetary Highlights. In FY 2021, the General Fund expenditure budget was increased by $4,559,526 over the FY 2020 budget. The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. Amendments made during FY 2021 increased the original revenue budget by $2,789,462 and increased the expenditure budget by $873,401.

The Town primarily amended the budget to allow excess revenue received from sales tax and permits to be moved to the CIP fund for future capital needs. Additional expenditures during the year, due to the pandemic, was offset by federal funds received to assist with relief. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval though an ordinance.

In the General Fund, the actual revenue received was $7,872,295 more than budgeted. This positive variance is most noticeable in licenses and permits, taxes and intergovernmental revenue. This was due to growth in the community and Federal Aid for pandemic relief. General Fund expenditures had a final budget to actual variance of $4,966,395 prior to other financing sources/uses. This positive variance is the result of savings experienced in nearly all departments. Also some budgeted projects were not completed in FY 2021 and were encumbered to the FY 2022 budget.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to $305,929,323 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 70% of the capital assets are governmental and 30% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 7%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	$ 9,210,630	$ 9,210,630	$ 1,639,066	$ 1,639,066	$ 10,849,696	$ 10,849,696
Construction in progress	35,197,589	34,688,527	1,546,369	3,100,307	36,743,958	37,788,834
Buildings	31,263,024	32,258,365	1,955,525	2,008,929	33,218,549	34,267,294
Infrastructure	121,438,429	104,221,928	75,729,622	73,760,940	197,168,051	177,982,868
Other improvements	18,867,431	19,677,420	-	-	18,867,431	19,677,420
Machinery and equipment	8,017,193	8,244,076	1,064,445	569,419	9,081,638	8,813,495
Total	$ 223,994,296	$ 208,300,946	$ 81,935,027	$ 81,078,661	$ 305,929,323	$ 289,379,607

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $125,875,934, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Gross bonded debt:								
General obligation	$ 17,850,000	$ 20,365,000	$ 15,260,000	$ 16,745,000	$ 33,110,000	$ 37,110,000	$ -	$ -
Certificates of obligation	48,750,000	36,840,000	27,025,000	20,040,000	75,775,000	56,880,000	-	-
Total bonded debt	66,600,000	57,205,000	42,285,000	36,785,000	108,885,000	93,990,000	-	-
Other long-term debt:								
Tax notes	-	250,000	-	-	-	250,000	-	-
Notes Payable	-	-	400,000	500,000	400,000	500,000	18,166,788	11,268,329
Unamortized premiums	4,110,885	2,771,804	2,298,364	1,492,476	6,409,249	4,264,280	-	-
Compensated absences	3,101,764	2,882,182	275,646	270,789	3,377,410	3,152,971	36,884	9,659
Total OPEB liability	489,147	379,786	46,185	37,810	535,332	417,596	-	-
Net pension liability	5,728,101	5,300,331	540,842	527,677	6,268,943	5,828,008	-	-
Total other long-term debt	13,429,897	11,584,103	3,561,037	2,828,752	16,990,934	14,412,855	18,203,672	11,277,988
Total	$ 80,029,897	$ 68,789,103	$ 45,846,037	$ 39,613,752	$ 125,875,934	$ 108,402,855	$ 18,203,672	$ 11,277,988

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was upgraded to AA+ in FY 2021. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was $9,213,098. This is an increase of $4,067,097 from the prior year. The LEEDC's total revenues were $5,459,221 of which $2,799,628 was from sales taxes. For the year, the LEEDC had expenditures of $1,392,124.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was $1,236,779. This is an increase of $182,979 from the prior year. The LECDC's total revenues were $1,420,152 of which $1,411,234 was from sales taxes. For the year, the LECDC had expenditures of $1,237,173.

2021 Highlights and Accomplishments

At the close of FY 2021 here are a few of the highlights and accomplishments for this year:

- Lowered tax rate from $0.649900 to $0.649702 while increasing services for Public Safety, Parks and Recreation, and Public Works.
- Increased bond ratings from both S&P and Moody's due to the Town's very strong economy, rapidly growing tax base, and strong financial position due to the significant ongoing development while maintaining conservative budgeting and formal policies, which will attract investors and lower rates for borrowing in the future.
- Conducted more than 10,000 development reviews and inspections.
- Completed 29,701 building inspections.
- Issued 1,146 certificates of occupancy for new homes and issued 2,752 commercial permits.
- Completed more than 10,000 development reviews and inspections.
- Ninety-nine percent of all submittals completed online through MyGov for work order requests.
- The Little Elm Chamber of Commerce came under the direction of the Little Elm Economic Development Corporation, adding 75 new members since August, 2020.
- Moved to the City of Denton for dispatch/communications services and implemented a new computer-aided dispatch software for the Little Elm fire and police departments.
- Completed the construction of the 42,000 square-foot aquatic park – The Cove at the Lakefront®, which opened in March 2021.
- Completed the parking lot expansion at The Cove at the Lakefront®.
- Completed the Cottonwood park design phase, and plans have been submitted to the U.S. Army Corps of Engineers for approval to construct.
- Completed the Lawn at the Lakefront™ park design phase. Construction is set to start in early 2022.
- Completed swim beach retaining wall project that helps preserve the sidewalk and stope erosion underneath it.
- Completed $1.45M in street, sidewalk, and curb maintenance projects as part of the Annual Street Maintenance Program.
- Completed cybersecurity audit and penetration assessment to ensure the secureness of the Town's network infrastructure.
- Hosted bi-annual clean and green events removing 48,454 lbs. of HHW, 26,430 lbs. of electronics, 21,900 lbs. of tires and evacuated & recycled 76 appliances along with 28,000 lbs. of paper.
- Completed the APWA re-accreditation.
- Installed 377 new water meters bringing to a total of 12,696 water accounts.
- Completed $75,000 of repairs on Tin Man elevated storage tank after damage from the winter storm.

All of these highlights, accomplishments and more are located in the Town's 2021 Strategic Report located at https://issuu.com/townoflittleelm/docs/2021_strategic_report_final.

Little Elm is still a rapidly growing community, and with that comes a tremendous number of challenges and outstanding opportunities. With this growth, new sources and higher amounts of revenue are allocated in the budget. Still, there is also a mounting list of needs for programs and services to accommodate the growth and meet the community's expectations.

Little Elm continues to present a five-year balanced budget (technically a one-year budget and 4-year financial plan) to the Council for consideration. The purpose of the approach is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we continue expanding services in the northern part of the community and extend contractual services to various partners in our region.

For the last several years, it has been the goal to keep the tax rate competitive with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. For FY 2022, the Town is able to propose a lower tax rate of $0.643948 and still meet those objectives. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, $0.524035 is dedicated to general operations and maintenance (O&M) in the General Fund, and $.119913 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2022 budget.) Projects include the ERP financial software system, phase I of II for more public safety take home vehicles for Police, Lakeside and Cottonwood Creek youth sports improvements, Little Elm park camping improvements, King Road reconstruction, Cottonwood Creek Park phase I improvements, The Lawn at the Lakefront™, and Lakefront parking to accommodate the event facility in the Lakefront™ district.

The FY 2022 operating budget increased by 4.61% or $5,117,970, from FY 2021 budget. This increase can be attributed to an increase in issued debt payments, capital equipment for the phase I of public safety vehicles, and the new projects coming online. General revenues for property taxes were budgeted with a 0.93% increase from FY 2021. The flat increase is due to the tax rate being reduced to be in line with the voter-approval rate. The Town's new assessed properties added $273 million more value to the tax role. Sales tax revenue is also expected to grow. The total amount of sales tax ($.015) budgeted for FY 2022 reflects an increase of 18.48% increase over last year, which is another indicator of growth within the area. Major increases in operational costs are:

ERP Financial Software System	$ 1,170,000
New Personnel	$ 2,330,453
Public Safety take home vehicles – phase I	$ 459,630
Fire Station #4 staffing and equipment (future planned budgets)	$ 4,290,506

General Fund revenues and budgeted transfers are estimated at $41,238,497 for FY 2022. This is an small decreased of 0.45% over FY 2021 amended budget. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately $5.772 million or 17% more

than last year's budget. This growth is a result of continued commercial development and population growth in the area.

The Water and Sewer Fund is expected to begin FY 2022 with a $16.8 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 60 days calculated from the previous year's earnings. A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five-year balanced budget.

The Utility Fund total system revenues are estimated at $20.5 million, or 7.35% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 2% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 387 for a salary with benefits cost of $33.8 million (including new positions and automatic 2.5% COLA). New positions budgeted for FY 2022 are as follows: Municipal Court Clerk Public Safety Analyst; reclassifying party time purchasing technician to a full-time Buyer; Graduate Engineer; GIS Technician; 8 Fire Fighters; Utility System Tech1; City Manager Intern.

The FY 2022 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the four Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

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Basic Financial Statements

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Town of Little Elm, Texas
Statement of Net Position
September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 39,085,292	$ 26,811,743	$ 65,897,035	$ 14,310,367
Investments	16,380,957	763,814	17,144,771	27,387
Restricted cash and cash equivalents	7,312,559	269,052	7,581,611	-
Restricted investments	56,110,861	9,007,824	65,118,685	-
Receivables (net of allowance for uncollectibles)	3,423,749	3,608,012	7,031,761	778,887
Due from other governments	1,212,974	-	1,212,974	-
Due from component unit	103,670	-	103,670	-
Due from primary government	-	-	-	521,969
Lease receivable	-	-	-	2,808,013
Prepaids	58,666	3,007	61,673	2,500
Inventories	66,106	297,169	363,275	-
Note receivable from primary government	-	-	-	400,000
Capital assets:				
Land	9,210,630	1,639,066	10,849,696	9,368,064
Depreciable assets, net	179,586,077	78,749,592	258,335,669	196,845
Construction in progress	35,197,589	1,546,369	36,743,958	1,996,930
Total assets	347,749,130	122,695,648	470,444,778	30,410,962
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	3,203,906	302,510	3,506,416	-
Deferred outflows - OPEB	138,420	13,069	151,489	-
Deferred loss on refunding	-	576,531	576,531	-
Total deferred outflows of resources	3,342,326	892,110	4,234,436	-
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	3,397,617	714,685	4,112,302	1,612,424
Due to component unit	521,969	-	521,969	-
Due to primary government	-	-	-	103,670
Accrued interest payable	341,791	217,152	558,943	41,319
Retainage payable	85,512	-	85,512	-
Customer deposits	458,077	1,570,897	2,028,974	-
Unearned revenue	2,065,624	-	2,065,624	-
Non-current liabilities:				
Due within one year	6,402,240	3,188,022	9,590,262	737,098
Due in more than one year	73,627,657	42,658,015	116,285,672	17,466,574
Total liabilities	86,900,487	48,348,771	135,249,258	19,961,085
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	33,911	-	33,911	-
Deferred inflows - pension	1,025,551	96,832	1,122,383	-
Deferred inflows - OPEB	52,655	4,972	57,627	-
Total deferred inflows of resources	1,112,117	101,804	1,213,921	-
NET POSITION (DEFICIT)				
Net investment in capital assets	171,316,394	46,431,372	217,747,766	(1,008,129)
Restricted:				
Construction	53,624,594	4,704,740	58,329,334	-
Economic development	1,162,904	-	1,162,904	10,034,659
Stormwater drainage	1,168,121	-	1,168,121	-
Street maintenance	1,650,069	-	1,650,069	-
Streetscape	860,855	-	860,855	-
Debt service	680,723	-	680,723	186,568
Other	1,568,827	-	1,568,827	-
Unrestricted	31,046,365	24,001,071	55,047,436	1,236,779
Total net position (deficit)	$ 263,078,852	$ 75,137,183	$ 338,216,035	$ 10,449,877

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Functions/Programs:				
Governmental activities:				
General government	$ 12,236,888	$ 202,503	$ 113,673	$ 47,471,474
Community service	3,224,276	7,697,199	-	1,225,000
Public safety	25,324,342	3,562,529	3,335,256	2,100,233
Public works	9,051,190	2,690,593	301,012	8,965,469
Culture and recreation	8,034,076	4,263,087	80,273	2,209,371
Interest expense	1,684,428	-	-	-
Total governmental activities	59,555,200	18,415,911	3,830,214	61,971,547
Business-type activities:				
Water and sewer services	14,115,471	19,243,512	-	3,520,701
Solid waste services	2,580,141	3,110,319	-	-
Total business-type activities	16,695,612	22,353,831	-	3,520,701
Total primary government	$ 76,250,812	$ 40,769,742	$ 3,830,214	$ 65,492,248
Component Units:				
Economic Development Corporation	$ 1,392,124	$ -	$ 1,981,337	$ -
Community Development Corporation	1,237,173	-	-	-
Total component units	$ 2,629,297	$ -	$ 1,981,337	$ -

General revenues:	
Property taxes, penalty, and interest	
Sales taxes	
Franchise taxes	
Interest	
Gain on disposal of capital assets	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position at beginning of year	
Net position, end of year	

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 35,550,762	$ -	$ 35,550,762	$ -
5,697,923	-	5,697,923	-
(16,326,324)	-	(16,326,324)	-
2,905,884	-	2,905,884	-
(1,481,345)	-	(1,481,345)	-
(1,684,428)	-	(1,684,428)	-
24,662,472	-	24,662,472	-
-	8,648,742	8,648,742	-
-	530,178	530,178	-
-	9,178,920	9,178,920	-
$ 24,662,472	$ 9,178,920	$ 33,841,392	$ -
			$ 589,213
			(1,237,173)
			$ (647,960)
$ 28,852,488	$ -	$ 28,852,488	$ -
7,258,930	-	7,258,930	4,210,862
2,279,437	187,207	2,466,644	-
373,282	228,569	601,851	67,162
604,039	246,235	850,274	450,000
142,857	-	142,857	170,012
2,376,000	(2,376,000)	-	-
41,887,033	(1,713,989)	40,173,044	4,898,036
66,549,505	7,464,931	74,014,436	4,250,076
196,529,347	67,672,252	264,201,599	6,199,801
$ 263,078,852	$ 75,137,183	$ 338,216,035	$ 10,449,877

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 17,038,948	$ 807,697	$ 12,941,618	$ -	$ 3,702,406	$ 34,490,669
Investments	15,679,972	23,021	441,498	-	105,509	16,250,000
Restricted cash and cash equivalents	-	-	2,779,816	-	4,532,743	7,312,559
Restricted investments	-	-	17,916,014	38,136,391	58,456	56,110,861
Receivables, net of allowance for doubtful accounts						
Taxes	1,177,020	36,166	-	-	304,200	1,517,386
Franchise fees	1,013,935	-	-	-	-	1,013,935
Other	655,594	-	1,150	-	204,797	861,541
Due from other governments	25,644	-	1,129,458	-	57,872	1,212,974
Due from component unit	-	103,670	-	-	-	103,670
Due from other funds	18,906	-	217,839	-	1,965	238,710
Prepaids	58,666	-	-	-	-	58,666
Inventories	66,106	-	-	-	-	66,106
Total assets	$ 35,734,791	$ 970,554	$ 35,427,393	$ 38,136,391	$ 8,967,948	$ 119,237,077
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	$ 1,948,791	$ 2,385	$ 928,734	$ 61,004	$ 442,116	$ 3,383,030
Due to other funds	1,965	-	-	-	236,745	238,710
Due to component unit	649	-	521,320	-	-	521,969
Accrued interest payable	-	54,345	-	-	-	54,345
Retainage payable	-	-	34,615	-	50,897	85,512
Unearned Revenue	236,569	-	-	-	1,829,055	2,065,624
Deposits	25,102	-	432,975	-	-	458,077
Total liabilities	2,213,076	56,730	1,917,644	61,004	2,558,813	6,807,267
Deferred inflows of resources:						
Unavailable resources	357,168	36,273	1,103,648	-	49,800	1,546,889
Total deferred inflows of resources	357,168	36,273	1,103,648	-	49,800	1,546,889
FUND BALANCES						
Nonspendable	124,772	-	-	-	-	124,772
Restricted	-	877,551	32,406,101	38,075,387	6,360,976	77,720,015
Unassigned	33,039,775	-	-	-	(1,641)	33,038,134
Total fund balances	33,164,547	877,551	32,406,101	38,075,387	6,359,335	110,882,921
Total liabilities, deferred inflows of resources, and fund balances	$ 35,734,791	$ 970,554	$ 35,427,393	$ 38,136,391	$ 8,967,948	$ 119,237,077

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
September 30, 2021

Total governmental fund balances	$	110,882,921
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements (less $4,691,412 in assets allocated to governmental activities from the internal service fund).		219,302,884
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(287,446)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		1,546,889
Unamortized gains on refunding are not due and payable and, therefore are not reported in the governmental funds financial statements. In the government-wide financial statements, the gains are reported as deferred inflows of resources.		(33,911)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.		9,433,292
Net deferred outflows/inflows of resources related to the Town's net pension and total OPEB liability increases net position.		2,264,120
Net pension liability ($5,728,101) and total OPEB liability ($489,147) are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(6,217,248)
Premiums on bond issuance for governmental activities debt are included in other financing sources in the governmental funds financial statements.		(4,110,885)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(3,101,764)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(66,600,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	263,078,852

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
Revenues:						
Taxes:						
Property taxes, penalty, and interest	$ 21,863,208	$ 5,961,744	$ -	$ -	$ 1,072,106	$ 28,897,058
General sales and use taxes	5,682,175	-	-	-	1,576,755	7,258,930
Other taxes and franchise fees	2,223,898	-	-	-	55,539	2,279,437
Licenses and permits	6,738,298	-	1,879,893	-	-	8,618,191
Intergovernmental	6,226,278	103,670	1,696,822	-	282,657	8,309,427
Charges for services	6,482,424	-	-	-	689,999	7,172,423
Impact fees	-	-	1,611,378	-	-	1,611,378
Fines and forfeitures	757,765	-	-	-	966,618	1,724,383
Contributions	-	-	633,392	47,149,307	20,684	47,803,383
Interest	154,469	17,603	98,911	991	71,777	343,751
Other revenues	308,265	-	322,167	-	183,434	813,866
Total revenues	50,436,780	6,083,017	6,242,563	47,150,298	4,919,569	114,832,227
Expenditures:						
Current:						
General government	5,172,884	-	-	6,628,326	145,334	11,946,544
Community services	2,848,464	-	-	-	383,106	3,231,570
Public safety	23,696,035	-	-	-	368,525	24,064,560
Public works	2,534,943	-	-	-	1,908,026	4,442,969
Culture and recreation	5,602,371	-	-	-	62,249	5,664,620
Debt service:						
Principal retirement	-	4,460,000	-	-	-	4,460,000
Interest and fiscal agent fees	-	1,731,358	-	-	-	1,731,358
Other debt service costs	-	-	181,340	-	-	181,340
Capital outlay	829,011	-	9,446,356	3,841,762	1,410,055	15,527,184
Total expenditures	40,683,708	6,191,358	9,627,696	10,470,088	4,277,295	71,250,145
Excess (deficiency) of revenues over (under) expenditures	9,753,072	(108,341)	(3,385,133)	36,680,210	642,274	43,582,082
Other financing sources (uses):						
Issuance of certificates of obligation	-	-	13,605,000	-	-	13,605,000
Premium on debt issuances	-	-	1,576,340	-	-	1,576,340
Sale of capital assets	46,041	-	-	-	-	46,041
Insurance recoveries	159,356	-	-	-	-	159,356
Transfers in	2,712,336	198,674	5,131,746	-	682,479	8,725,235
Transfers out	(5,103,746)	(291,479)	-	-	(954,010)	(6,349,235)
Total other financing sources (uses)	(2,186,013)	(92,805)	20,313,086	-	(271,531)	17,762,737
Net change in fund balances	7,567,059	(201,146)	16,927,953	36,680,210	370,743	61,344,819
Fund balance at beginning of year	25,597,488	1,078,697	15,478,148	1,395,177	5,988,592	49,538,102
Fund balance, end of year	$ 33,164,547	$ 877,551	$ 32,406,101	$ 38,075,387	$ 6,359,335	$ 110,882,921

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds	$	61,344,819
Amounts reported for governmental funds in the statement of activities are different because:		
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(389,856)
This amount, $14,353,142, is the amount of capital outlays that have been included in capital assets for the current period. Total capital asset additions reported in the governmental activities, $24,359,436, include $8,652,764 in developer contributions and $1,353,530 of additions allocated from the internal service fund.		14,353,142
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position. Depreciation expense is $8,385,617 less the internal service fund depreciation expense of $875,541.		(7,510,076)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue.		8,652,764
The net effect of disposals of capital assets is to decrease net position. This amount represents total disposals of $280,469 less internal service fund disposals of $99,259.		(181,210)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond issuance costs, bond premiums, and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance. This amount represents the net effect of the following items:		
Debt issued		(13,605,000)
Premiums from bond issuance		(1,576,340)
Repayments of bonds		4,460,000
Current year amortization of deferred gain on refunding		(9,129)
Current year amortization of premium on bonds		237,258
Changes in compensated absences are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.		(219,582)
The following is the net effect of a decrease in net position from net increase in the TMRS pension liability and OPEB liability, ($537,131), and a increase in net position from the changes in deferred outflows/inflows for TMRS pension and OPEB, $388,876.		(148,255)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.		1,140,829
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		141
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	66,549,505

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-type Activities Enterprise funds			Governmental Activities-
	Water and Sewer	Solid Waste	Total	Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 26,200,729	$ 611,014	$ 26,811,743	$ 4,594,623
Investments	746,399	17,415	763,814	130,957
Restricted cash and cash equivalents	269,052	-	269,052	-
Restricted investments	9,007,824	-	9,007,824	-
Receivables (net of allowance for uncollectibles)	3,323,137	284,875	3,608,012	30,887
Prepaids	3,007	-	3,007	-
Inventories	297,169	-	297,169	-
Total current assets	39,847,317	913,304	40,760,621	4,756,467
Capital assets:				
Land	1,639,066	-	1,639,066	-
Depreciable assets, net	78,511,126	238,466	78,749,592	4,691,412
Construction in progress	1,546,369	-	1,546,369	-
Total capital assets	81,696,561	238,466	81,935,027	4,691,412
Total assets	121,543,878	1,151,770	122,695,648	9,447,879
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	302,510	-	302,510	-
Deferred outflows - OPEB	13,069	-	13,069	-
Deferred loss on refunding	576,531	-	576,531	-
Total deferred outflows of resources	892,110	-	892,110	-
Total assets and deferred outflows of resources	$ 122,435,988	$ 1,151,770	$ 123,587,758	$ 9,447,879
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 481,417	$ 233,268	$ 714,685	$ 14,587
Accrued interest payable	217,152	-	217,152	-
Customer deposits	1,570,897	-	1,570,897	-
Current portion of long-term debt	3,186,191	1,831	3,188,022	-
Total current liabilities	5,455,657	235,099	5,690,756	14,587
Long-term debt, net of current portion	42,652,474	5,541	42,658,015	-
Total liabilities	48,108,131	240,640	48,348,771	14,587
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	96,832	-	96,832	-
Deferred inflows - OPEB	4,972	-	4,972	-
Total deferred inflows of resources	101,804	-	101,804	-
Net position:				
Net investment in capital assets	46,192,906	238,466	46,431,372	4,691,412
Restricted for:				
Construction - impact fees	4,704,740	-	4,704,740	-
Unrestricted	23,328,407	672,664	24,001,071	4,741,880
Total net position	74,226,053	911,130	75,137,183	9,433,292
Total liabilities, deferred inflows of resources and net position	$ 122,435,988	$ 1,151,770	$ 123,587,758	$ 9,447,879

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise funds			Governmental-Activities
	Water and Sewer	Solid Waste	Total	Internal Service Fund
Operating revenues:				
Water sales	$ 11,076,355	$ -	$ 11,076,355	$ -
Charges for sewer services	7,519,836	-	7,519,836	-
Tap, connections, and other fees	617,133	-	617,133	-
Charges for solid waste	-	3,110,283	3,110,283	-
Contributions	-	-	-	1,512,007
Other revenue	30,188	36	30,224	-
Total operating revenues	19,243,512	3,110,319	22,353,831	1,512,007
Operating expenses:				
Personnel services	2,440,596	66,651	2,507,247	-
Contractual services	390,684	2,383,776	2,774,460	-
Repairs and maintenance	355,492	63,173	418,665	-
Supplies	5,760,451	18,852	5,779,303	105,021
Depreciation	2,998,711	47,026	3,045,737	875,541
Other operating expenses	975,219	663	975,882	-
Total operating expenses	12,921,153	2,580,141	15,501,294	980,562
Operating income	6,322,359	530,178	6,852,537	531,445
Non-operating revenues (expenses):				
Taxes	-	187,207	187,207	-
Gain on disposal of assets	246,235	-	246,235	579,853
Interest income	224,835	3,734	228,569	29,531
Interest expense	(1,194,318)	-	(1,194,318)	-
Total non-operating revenue (expenses)	(723,248)	190,941	(532,307)	609,384
Income before capital contributions and transfers	5,599,111	721,119	6,320,230	1,140,829
Capital contributions and transfers				
Capital contributions	2,321,137	-	2,321,137	-
Impact fees	1,199,564	-	1,199,564	-
Transfers out	(1,810,000)	(566,000)	(2,376,000)	-
Total capital contributions and transfers	1,710,701	(566,000)	1,144,701	-
Change in net position	7,309,812	155,119	7,464,931	1,140,829
Net position at beginning of year	66,916,241	756,011	67,672,252	8,292,463
Net position, end of year	$ 74,226,053	$ 911,130	$ 75,137,183	$ 9,433,292

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds			Governmental Activities-
	Water and Sewer	Solid Waste	Total	Internal Service Fund
Cash flow from operating activities:				
Receipts from customers and users	$ 19,577,877	$ 3,118,307	$ 22,696,184	$ -
Payments to suppliers	(7,873,437)	(2,508,613)	(10,382,050)	(94,849)
Payments to employees	(2,494,006)	(12,739)	(2,506,745)	-
Cash received (paid) from transactions with other funds	-	-	-	1,482,006
Net cash provided by operating activities	9,210,434	596,955	9,807,389	1,387,157
Cash flow from noncapital financing activities:				
Transfers out	(1,810,000)	(566,000)	(2,376,000)	-
Taxes	-	187,207	187,207	-
Net cash (used) by noncapital financing activities	(1,810,000)	(378,793)	(2,188,793)	-
Cash flow from capital financing activities:				
Proceeds from long-term debt	9,108,804	-	9,108,804	-
Acquisition of capital assets	(1,591,075)	-	(1,591,075)	(1,353,530)
Proceeds from disposal of capital assets	256,345	-	256,345	679,111
Impact fees	1,199,564	-	1,199,564	-
Principal paid on capital debt	(2,760,000)	-	(2,760,000)	-
Interest paid on capital debt	(1,282,083)	-	(1,282,083)	-
Net cash provided (used) by capital financing activities	4,931,555	-	4,931,555	(674,419)
Cash flow from investing activities:				
Net purchases of investments	(2,474,987)	32,278	(2,442,709)	355,750
Interest and dividends on investments	224,835	3,734	228,569	29,531
Net cash provided (used) by investing activities	(2,250,152)	36,012	(2,214,140)	385,281
Net increase in cash and cash equivalents	10,081,837	254,174	10,336,011	1,098,019
Cash and cash equivalents, beginning of the year	16,387,944	356,840	16,744,784	3,496,604
Cash and cash equivalent, ending of the year	$ 26,469,781	$ 611,014	$ 27,080,795	$ 4,594,623
Noncash transactions:				
Capital contributions	$ 2,321,137	$ -	$ 2,321,137	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer	Solid Waste	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 6,322,359	$ 530,178	$ 6,852,537	$ 531,445
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,998,711	47,026	3,045,737	875,541
Pension and OPEB expense (net)	(58,213)	-	(58,213)	-
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	89,125	7,987	97,112	(30,001)
Decrease (increase) in inventories	(71,863)	-	(71,863)	-
Decrease (increase) in prepaids	(2,967)	-	(2,967)	
Increase (decrease) in payables	(316,761)	11,710	(305,051)	10,172
Increase (decrease) in deposits	245,240	-	245,240	-
Increase (decrease) in compensated absences	4,803	54	4,857	-
Net cash provided by operating activities	$ 9,210,434	$ 596,955	$ 9,807,389	$ 1,387,157

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement Fiduciary Net Position
Fiduciary Fund
September 30, 2021

	PID Custodial Fund
ASSETS	
Investments	$ 11,394,634
Total assets	11,394,634
LIABILITIES	-
NET POSITION	
Restricted for	
Debt service	11,394,634
Total net position	$ 11,394,634

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2021

	PID Custodial Fund
ADDITIONS	
Property taxes collected in district	$ 11,549,378
Total additions	11,549,378
DEDUCTIONS	
Payments to bond holders	5,139,742
Total deductions	5,139,742
Change in net position	6,409,636
Net position - beginning of year	-
Cumulative effect of adoption of GASB 84	4,984,998
Net position - beginning of year, as restated	4,984,998
Net position - ending	$ 11,394,634

The accompanying notes to the basic financial statements are an integral part of this statement.

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Town of Little Elm, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2021

	Economic Development Corporation	Community Development Corporation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 13,349,506	$ 960,861	$ 14,310,367
Investments	-	27,387	27,387
Receivables (net of allowance for uncollectibles)	519,211	259,676	778,887
Due from primary government	521,969	-	521,969
Leases receivable	2,808,013	-	2,808,013
Note receivable from primary government-current	100,000	-	100,000
Prepaid	2,500	-	2,500
Non-current assets:			
Note receivable from primary government	300,000	-	300,000
Land	9,368,064	-	9,368,064
Depreciable assets, net	196,845	-	196,845
Construction in process	1,996,930	-	1,996,930
Total Assets	29,163,038	1,247,924	30,410,962
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	1,601,279	11,145	1,612,424
Due to primary government	103,670	-	103,670
Accrued interest payable	41,319	-	41,319
Non-current liabilities:			
Due within one year	737,098	-	737,098
Due in more than one year	17,466,574	-	17,466,574
Total Liabilities	19,949,940	11,145	19,961,085
NET POSITION			
Net investment in capital assets	(1,008,129)	-	(1,008,129)
Restricted for economic development	10,034,659	-	10,034,659
Restricted for debt service	186,568	-	186,568
Unrestricted	-	1,236,779	1,236,779
Total Net Position	$ 9,213,098	$ 1,236,779	$ 10,449,877

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2021

		Program Revenues	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:			
Economic Development Corporation	$ 1,392,124	$ 1,981,337	$ -
Community Development Corporation	1,237,173	-	-
Total component units	$ 2,629,297	$ 1,981,337	$ -

General revenues:
Sales taxes
Investment income
Gain on disposal of capital assets
Miscellaneous
Total general revenues
Change in net position
Net position - beginning of year

Net position - end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Component Units		
Economic Development Corporation	Community Development Corporation	Total
$ 589,213	$ -	$ 589,213
-	(1,237,173)	(1,237,173)
$ 589,213	$ (1,237,173)	$ (647,960)
2,799,628	1,411,234	$ 4,210,862
58,244	8,918	67,162
450,000	-	450,000
170,012	-	170,012
3,477,884	1,420,152	4,898,036
4,067,097	182,979	4,250,076
5,146,001	1,053,800	6,199,801
$ 9,213,098	$ 1,236,779	$ 10,449,877

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Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste utilities.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half-cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and is presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ#3) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ#3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ#3 qualifies for blending because the Board is the same as the Town Council. Previous to fiscal year 2017, TIRZ#3 had been reported as a discretely presented component unit, but is now reported as a blended component unit of the Town as ordinance #1413 was approved in 2017 clarifying the composition of the Board as described above. TIRZ#3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ#4) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#4 qualifies for blending because the Board is the same as the Town Council. TIRZ#4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ#5) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#5 commenced December 2014 and was amended in FY 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#5 qualifies for blending because the Board is the same as the Town Council. TIRZ#5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ#6) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#6 qualifies for blending because the Board is the same as the Town Council. TIRZ#6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, and the PID capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures /expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting
The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town.

The Town reports the following non-major governmental funds.

Dedicated Funds accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund – this Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%). The Town's five year financial plan includes a hotel to come online in spring of 2023.

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID 19 pandemic.

Landscape Fund The fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular to manage the medians and screening walls along all street thoroughfares.

Little Elm Parks Fund accounts for fees used to help fund parks and recreational spaces.

Little Elm TIRZ#3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ#4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ#5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ#6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Governmental funds with legally adopted annual budgets include the General Fund and the Debt Service Fund.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

E. Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent bond debt service reserves and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

F. Inventories, Prepaid Items and Deferred Charges

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset

by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2021, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids are consumed rather than when purchased.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the Town's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category:

Deferred Loss or Gain on Refunding – these deferred outflows and inflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pension / OPEB – some deferred outflows result from pension/ OPEB contributions after the measurement date (deferred and recognized as a reduction of the liability in the following fiscal year). Deferred outflows/inflows result from pension/OPEB differences in projected and actual earnings on pension / OPEB assets (deferred and amortized over a closed five year period). Deferred outflows/inflows may also occur from the changes in pension/OPEB actuarial assumptions and/or from the difference in expected and actual experiences which are deferred and amortized over the average remaining service lives of the members.

O. Fund Equity

Governmental Funds:
The Town has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance: is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Economic stabilization: It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 70% of budgeted expenditures.

Proprietary Funds:
Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. Stewardship, Compliance and Accountability

At September 30, 2021, the Grant Fund, a nonmajor governmental fund, has a deficit fund balance of $1,641. This deficit balance is related to the allocation of Grant Fund expenditures and is expected to be eliminated as resources are transferred in from the General Fund in the subsequent period.

Q. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2021 through March 9, 2022, the date the financial statements were issued.

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was $87,786,203 and the bank balance was $88,268,808. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2021 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government:	
Cash and cash equivalents	$ 65,897,035
Investments	17,144,771
Restricted cash and cash equivalents	7,581,611
Restricted investments	65,118,685
Fiduciary Fund:	
Investments	11,394,634
Component Units:	
Cash and cash equivalents	14,310,367
Investments	27,387
Total cash and investments	$ 181,474,490
Cash on hand	$ 2,810
Deposits with financial institutions	87,786,203
Investments	93,685,477
Total cash and investments	$ 181,474,490

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	2 years	None	None
U.S. Agency obligations	2 years	None	None
Certificates of deposit	2 years	None	None
Direct repurchase agreements	2 years	None	None
No-load money market mutual funds	2 years	None	None
Direct obligations of State of Texas	2 years	None	None
Investment pools	2 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization for negotiable investments. The minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for the mutual funds held by the Town and TexPool Prime was AAA-m at September 30, 2021.

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit and interest rate risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2021 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

Certificates of deposit that are non-negotiable are measured at cost and may be withdrawn at cost with forfeit of the interest that accrues based on agreement with the financial institution. Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the Town at year end. The NAV is a quoted price in an active market. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs.

		Fair Value Measurements Using				
	Value at September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to Fair Value:						
Investment pools:						
TexPool Prime	$ 17,683,561	$ -	$ -	$ -	18.88%	34
LOGIC	24,000,413	-	-	-	25.62%	55
Money market funds	43,438,411	-	-	-	46.37%	29
Subject to fair value level:						
Marketable equity securities						
Mutual funds - short term investments	6,092,614	6,092,614	-	-	6.50%	19
Negotiable certificate of deposits	2,470,478	-	2,470,478	-	2.64%	184
Total value	$ 93,685,477	$ 6,092,614	$ 2,470,478	$ -		

It is noted that investment pools are not subject to the fair value hierarchy.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2021 (2020 tax) levy was based was approximately $4,694,940,471. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2021 was $0.6497 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2021 were approximately 99.58% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2021 are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects	Nonmajor Funds	Total
Ad valorem taxes	$ 173,818	$ 46,533	$ -	$ -	$ 220,351
Sales taxes	1,038,423	-	-	304,200	1,342,623
Court	1,404,870	-	-	-	1,404,870
Ambulance	1,245,927	-	-	-	1,245,927
Storm drainage	-	-	-	151,543	151,543
Franchise fees	1,013,935	-	-	-	1,013,935
Due from other governments	25,644	-	1,129,458	57,872	1,212,974
Other	169,047	-	1,150	68,408	238,605
Gross receivables	5,071,664	46,533	1,130,608	582,023	6,830,828
Less: allowances	(2,199,471)	(10,367)	-	(15,154)	(2,224,992)
Net total receivables	$ 2,872,193	$ 36,166	$ 1,130,608	$ 566,869	$ 4,605,836

	Proprietary Funds (Enterprise Funds)		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 2,864,075	$ 261,663	$ 3,125,738
Note receivable	400,000	-	400,000
Other	344,717	49,378	394,095
Gross receivables	3,608,792	311,041	3,919,833
Less: allowances	(285,655)	(26,166)	(311,821)
Net total receivables	$ 3,323,137	$ 284,875	$ 3,608,012

	Component Units		
	EDC	CDC	Total
Sales taxes	$ 519,211	$ 259,606	$ 778,817
Other	-	70	70
Total receivables	$ 519,211	$ 259,676	$ 778,887

Direct-Financing Lease

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a direct-financing lease and expires in 2043. The following are the components of the EDC's net investment in direct financing leases and reported as leases receivable as of September 30, 2021:

Total minimum lease payments to be received	$ 4,368,136
less: unearned interest income	(1,560,123)
Net investment in direct financing lease	$ 2,808,013

As of September 30, 2021, minimum lease payments are as follows:

Fiscal Year	Amount
2022	$ 205,559
2023	205,559
2024	205,559
2025	205,559
2026	205,559
2027-2031	1,027,797
2032-2036	1,027,797
2037-2041	1,027,797
2042-2043	256,950
	$ 4,368,136

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 9,210,630	$ -	$ -	$ -	$ 9,210,630
Construction in progress	34,688,527	13,581,428	(6,035)	(13,066,331)	35,197,589
Total capital assets, not being depreciated	43,899,157	13,581,428	(6,035)	(13,066,331)	44,408,219
Capital assets being depreciated:					
Infrastructure	154,595,136	8,652,764	-	12,389,839	175,637,739
Buildings	39,846,763	-	-	-	39,846,763
Improvements other than buildings	26,569,556	276,463	-	570,245	27,416,264
Machinery and Equipment	19,420,094	1,848,781	(2,608,575)	106,247	18,766,547
Total capital assets being depreciated	240,431,549	10,778,008	(2,608,575)	13,066,331	261,667,313
Less accumulated depreciation for:					
Infrastructure	50,373,208	3,826,102	-	-	54,199,310
Buildings	7,588,398	995,341	-	-	8,583,739
Improvements other than buildings	6,892,136	1,656,697	-	-	8,548,833
Machinery and Equipment	11,176,018	1,907,477	(2,334,141)	-	10,749,354
Total accumulated depreciation	76,029,760	8,385,617	(2,334,141)	-	82,081,236
Total capital assets being depreciated, net	164,401,789	2,392,391	(274,434)	13,066,331	179,586,077
Governmental activities capital assets, net	$ 208,300,946	$ 15,973,819	$ (280,469)	$ -	$ 223,994,296

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,639,066	$ -	$ -	$ -	$ 1,639,066
Construction in progress	3,100,307	804,669	-	(2,358,607)	1,546,369
Total capital assets, not being depreciated	4,739,373	804,669	-	(2,358,607)	3,185,435
Capital assets being depreciated:					
Buildings	2,229,206	-	-	-	2,229,206
Water system improvements	49,570,767	1,208,665	-	2,358,607	53,138,039
Sewer system improvements	47,500,463	1,112,473	-	-	48,612,936
Machinery and equipment	3,634,862	786,405	(481,090)	-	3,940,177
Total capital assets being depreciated	102,935,298	3,107,543	(481,090)	2,358,607	107,920,358
Less accumulated depreciation for:					
Buildings	220,277	53,404	-	-	273,681
Water system improvements	11,522,843	1,532,191	-	-	13,055,034
Sewer system improvements	11,787,447	1,178,872	-	-	12,966,319
Machinery and equipment	3,065,443	281,270	(470,981)	-	2,875,732
Total accumulated depreciation	26,596,010	3,045,737	(470,981)	-	29,170,766
Total capital assets being depreciated, net	76,339,288	61,806	(10,109)	2,358,607	78,749,592
Business-type activities capital assets, net	$ 81,078,661	$ 866,475	$ (10,109)	$ -	$ 81,935,027

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 215,984
Public safety	1,403,533
Public works	3,881,225
Culture and recreation	2,009,334
Internal service fund	875,541
	$ 8,385,617
Business-type activities:	
Solid Waste	$ 47,026
Water and Sewer	2,998,711
	$ 3,045,737

Capital asset activities of the discretely presented component units are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component units:				
Capital assets not being depreciated:				
Land	$ 10,309,703	$ 58,361	$ (1,000,000)	$ 9,368,064
Construction in progress	-	1,996,930	-	1,996,930
Total capital assets, not being depreciated	10,309,703	2,055,291	(1,000,000)	11,364,994
Capital assets being depreciated:				
Buildings	-	223,900	-	223,900
Total capital assets being depreciated	-	223,900	-	223,900
Less accumulated depreciation for:				
Buildings	-	27,055	-	27,055
Total accumulated depreciation	-	27,055	-	27,055
Total capital assets being depreciated, net	-	196,845	-	196,845
Component unit capital assets, net	$ 10,309,703	$ 2,252,136	$ (1,000,000)	$ 11,561,839

Note 6. Interfund Activity

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Non-major Governmental Fund	$ 131,803	Transfer for operating services
General Fund	Non-major Governmental Fund	483,474	To close out TIRZ #5
General Fund	Non-major Governmental Fund	112,059	Transfer for operating services
General Fund	Solid Waste Fund	175,000	Transfer for operating services
General Fund	Water and Sewer Fund	1,810,000	Transfer for operating services
Debt Service Fund	Non-major Governmental Fund	198,674	To close out TIRZ #5
Capital Projects Fund	General Fund	5,103,746	Funding for infrastructure CIP projects
Capital Projects Fund	Non-major Governmental Fund	28,000	Funding for capital projects that are restricted by revenue funding source
Non-major Governmental Fund	Solid Waste Fund	391,000	Solid waste portion of landscaping projects
Non-major Governmental Fund	Debt Service Fund	291,479	To correct allocation of funds from TIRZ
		$ 8,725,235	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and outstanding as of September 30, 2021:

Receivable	Payable	Amount	Purpose
General Fund	Non-major Governmental	$ 18,906	Short term funding for operational cash
Capital Projects Fund	Non-major Governmental	217,839	Funding owed for capital projects
Non-major Governmental	General Fund	1,965	Funds owed for allocation of restricted purposes
		$ 238,710	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Property taxes	$ 121,687	$ 36,273	$ -	$ -	$ 157,960
Grants	-	-	1,103,648	49,800	1,153,448
Court fines	136,645	-	-	-	136,645
Ambulance	92,018	-	-	-	92,018
Other	6,818	-	-	-	6,818
Total	$ 357,168	$ 36,273	$ 1,103,648	$ 49,800	$ 1,546,889

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds, certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets, or sales tax to pay the debt service.

Changes in Long-term Liabilities

On August 1, 2021, the Town issued $21,765,000 of Combination Tax and Revenue Certificates of Obligation, Series 2021 at a premium of $2,525,143. $13,605,000 of the certificates and $1,576,340 of premium were recorded in the governmental activities and $8,160,000 of the certificates and $948,803 of premium were recorded in the business-type activities. Proceeds from the sale of the certificates will be used for acquiring, constructing, improving and equipping park and recreation facilities, constructing improvements and extensions to the Town's waterworks and sewer system, constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement, and professional services rendered in connection with the construction and financing of the foregoing projects.

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	$ 20,365,000	$ -	$ (2,515,000)	$ 17,850,000	$ 2,450,000
Certificates of obligation	36,840,000	13,605,000	(1,695,000)	48,750,000	2,220,000
Unamortized bond premium	2,771,804	1,576,339	(237,258)	4,110,885	-
Tax Notes	250,000	-	(250,000)	-	-
Compensated absences	2,882,182	1,621,540	(1,401,958)	3,101,764	1,732,240
Net pension liability	5,300,331	3,007,213	(2,579,443)	5,728,101	-
OPEB	379,786	111,276	(1,915)	489,147	-
	68,789,103	19,921,368	(8,680,574)	80,029,897	6,402,240
Business-type activities:					
General obligation bonds	16,745,000	-	(1,485,000)	15,260,000	1,395,000
Certificates of obligation	20,040,000	8,160,000	(1,175,000)	27,025,000	1,535,000
Unamortized bond premium	1,492,476	948,804	(142,916)	2,298,364	-
Compensated absences	270,789	190,503	(185,646)	275,646	158,022
Note payable to EDC	500,000	-	(100,000)	400,000	100,000
Net pension liability	527,677	256,714	(243,549)	540,842	-
OPEB	37,810	8,556	(181)	46,185	-
	39,613,752	9,564,577	(3,332,292)	45,846,037	3,188,022
Total Primary Government	$ 108,402,855	$ 29,485,945	$ (12,012,866)	$ 125,875,934	$ 9,590,262
Component Units:					
Notes payable - EDC	$ 11,268,329	$ 7,593,750	$ (695,291)	$ 18,166,788	$ 734,201
Compensated absences	9,659	30,122	(2,897)	36,884	2,897
	$ 11,277,988	$ 7,623,872	$ (698,188)	$ 18,203,672	$ 737,098

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2021:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%			$ 2,750,000	$ 425,000
$6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	$ 3,990,000	$ 285,000		
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	2,060,000	145,000		
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plus interest at 2.00% to 3.50%	7,685,000	425,000		
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%			6,265,000	330,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%			9,850,000	475,000
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	11,370,000	460,000		
$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of $235,000 to $440,000 through February 2039, plus interest at 1.18% to 2.75%	6,135,000	240,000		
$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of $160,000 to $250,000 through February 2040, plus interest at 2.00% to 2.37%	3,905,000	160,000		
$21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of $805,000 to $1,400,000 through August 2041, plus interest at 2.00% to 5.00%	13,605,000	505,000	8,160,000	305,000
	$ 48,750,000	$ 2,220,000	$ 27,025,000	$ 1,535,000

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	$ 1,210,000	$ 190,000		
$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of $300,000 to $700,000 through August 2024, plus interest at 2.00% to 3.00%	480,000	310,000	$ 875,000	$ 280,000
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%			1,245,000	250,000
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	1,180,000	130,000	1,485,000	170,000
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	3,805,000	630,000		
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through September 2025, plus interest at 3.00% to 5.00%			11,655,000	695,000
$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of $525,000 to $880,000 through August 2029, plus interest at 1.60% to 2.20%	6,170,000	655,000	-	-
$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $720,000 to $535,000 through September 2030, plus interest at 2.00% to 1.77%	5,005,000	535,000	-	-
	$ 17,850,000	$ 2,450,000	$ 15,260,000	$ 1,395,000

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 2,450,000	$ 456,312	$ 2,906,312	$ 1,395,000	$ 527,856	$ 1,922,856
2023	2,390,000	375,663	2,765,663	1,440,000	473,356	1,913,356
2024	2,300,000	296,105	2,596,105	1,490,000	417,806	1,907,806
2025	2,375,000	238,994	2,613,994	1,515,000	367,757	1,882,757
2026	2,435,000	186,594	2,621,594	1,030,000	317,950	1,347,950
2027-2031	5,900,000	268,004	6,168,004	5,230,000	986,425	6,216,425
2032-2034	-	-	-	3,160,000	198,413	3,358,413
Total	$ 17,850,000	$ 1,821,672	$ 19,671,672	$ 15,260,000	$ 3,289,563	$ 18,549,563

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 2,220,000	$ 1,602,113	$ 3,822,113	$ 1,535,000	$ 852,265	$ 2,387,265
2023	2,250,000	1,523,162	3,773,162	1,555,000	798,014	2,353,014
2024	2,310,000	1,442,988	3,752,988	1,610,000	746,565	2,356,565
2025	2,405,000	1,356,038	3,761,038	1,670,000	692,814	2,362,814
2026	2,500,000	1,258,588	3,758,588	1,740,000	626,085	2,366,085
2027-2031	14,070,000	4,744,914	18,814,914	7,445,000	2,378,804	9,823,804
2032-2036	14,795,000	2,165,005	16,960,005	8,170,000	1,140,158	9,310,158
2037-2041	8,200,000	450,676	8,650,676	3,300,000	194,731	3,494,731
Total	$ 48,750,000	$ 14,543,484	$ 63,293,484	$ 27,025,000	$ 7,429,436	$ 34,454,436

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Town in ten equal yearly payments of $100,000 with the first installment payment to the Town to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2021 was $400,000.

Compensated Absences

Substantially all vacation and sick leave are paid by the General Fund.

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2021 are as follows:

Payee	Description	Balance 09/30/21
Government Capital Corporation	$7,593,750, payable to bank, made April 15, 2021, payable in semi-annual installments of $48,828 starting November 15, 2021 through May 15, 2023, then $132,092 thorugh May 15, 2041, including interest at 2.57%.	$ 7,593,750
Government Capital Corporation	$6,659,559, payable to bank, made June 23, 2020, payable in semi-annual installments of $337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%.	5,862,140
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest at 3.4%	1,883,166
Southside Bank	$3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of $44,507, through to final payment January 13, 2043, including interest at 2.947%	2,827,732
		$ 18,166,788

During 2017, EDC entered into a $3,048,000 note payable, and the proceeds from the note were used to fund construction of the facility described in the direct-financing lease portion of Note 4.

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2022	$ 734,201	$ 475,089	$ 1,209,290
2023	837,255	448,329	1,285,584
2024	1,112,768	428,217	1,540,985
2025	1,142,440	398,516	1,540,956
2026	1,172,906	366,565	1,539,471
2027-2031	6,350,942	1,337,780	7,688,722
2032-2036	3,411,288	683,375	4,094,663
2037-2041	3,144,699	255,193	3,399,892
2042-2043	260,289	6,752	267,041
Total	$ 18,166,788	$ 4,399,816	$ 22,566,604

Note 9. Pension Plan

Plan Description

The Town participates as one of 895 cities in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	170
Active employees	280
	509

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.47% and 13.42% in calendar years 2020 and 2021, respectively. The Town's contributions to TMRS for the year ended September 30, 2021 were $2,901,400, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.5% to 11.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2020 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$ 44,215,421	$ 38,387,413	$ 5,828,008
Changes for the year:			
Service Cost	3,772,041	-	3,772,041
Interest	3,087,959	-	3,087,959
Change of benefit terms	-	-	-
Difference between expected and actual experience	775,209	-	775,209
Changes of assumptions	-	-	-
Contributions - employer	-	2,822,744	(2,822,744)
Contributions - employee	-	1,466,905	(1,466,905)
Net investment income	-	2,924,215	(2,924,215)
Benefit payments, including refunds of employee contributions	(707,805)	(707,805)	-
Administrative expense	-	(18,855)	18,855
Other changes	-	(735)	735
Net Changes	6,927,404	6,486,469	440,935
Balance at 12/31/2020	$ 51,142,825	$ 44,873,882	$ 6,268,943

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 15,512,106	$ 6,268,943	$ (1,129,867)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the Town recognized pension expense of $2,936,801. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,287,841	$ 30,183
Changes in actuarial assumptions	118,614	-
Difference between projected and actual investment earnings	-	1,092,200
Contributions subsequent to the measurement date	2,099,961	-
Total	$ 3,506,416	$ 1,122,383

The $2,099,961 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2022. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2022	$ 49,901
2023	316,446
2024	(260,145)
2025	121,781
2026	56,089
	$ 284,072

Note 10. Other Postemployment Benefits Plan (OPEB)

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	28
Active employees	280
	350

C. Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.01% and 0.03% for calendar years 2020 and 2021 respectively. The Town's contributions to the SDBF for the year ended September 30, 2021 were $5,289, and were equal to the required contributions. Covered employee payroll was $20,955,784.

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.00%
Retiree's share of benefit-related costs	$0
Actuarial cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2020 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.00% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	$417,596
Changes for the year:	
Service Cost	41,912
Interest on Total OPEB Liability	12,031
Change of benefit terms	-
Difference between expected and actual experience	(16,377)
Changes of assumptions or other inputs	82,266
Benefit payments	(2,096)
Administrative expense	-
Other changes	-
Net changes	117,736
Balance at 12/31/20	$535,332

Total OPEB liability was 2.55% of covered employee payroll during the measurement period.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 2.00%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.00%) or 1 percentage-point higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	$ 677,146	$ 535,332	$ 429,217

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the Town recognized OPEB expense of $68,564. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 40,078
Changes in assumptions and other inputs	146,795	17,549
Contributions subsequent to the measurement date	4,694	-
Total	$ 151,489	$ 57,627

The $4,694 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2022. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net deferrred outflows (inflows) of resources
2022	$ 14,621
2023	14,621
2024	14,621
2025	14,050
2026	11,419
Thereafter	19,836
Total	$ 89,168

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

A. Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2021:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ 53,624,594	$ 4,704,740	$ 58,329,334	$ -
Restricted for economic development	1,162,904	-	1,162,904	10,034,659
Restricted for stormwater drainage	1,168,121	-	1,168,121	-
Restricted for street maintenance	1,650,069	-	1,650,069	-
Restricted for streetscape	860,855	-	860,855	-
Restricted for debt service	680,723	-	680,723	186,568
Restricted for other:				
Grant requirements	418,404	-	418,404	-
Donor stipulations	51,239	-	51,239	-
Pubic, education, gov't access	68,945	-	68,945	-
Parks	977,520	-	977,520	-
Tourism	21,841		21,841	
Public safety	30,878	-	30,878	-
Total restricted for other	1,568,827	-	1,568,827	-
	$ 60,716,093	$ 4,704,740	$ 65,420,833	$ 10,221,227

B. Fund Balance

The composition of the governmental fund balances at September 30, 2021 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Non major Governmental Funds	Total Governmental Funds
Non-spendable:						
Inventories	$ 66,106	$ -	$ -	$ -	$ -	$ 66,106
Prepaids	58,666	-	-	-	-	58,666
Total nonspendable	124,772	-	-	-	-	124,772
Restricted for:						
Debt service	-	877,551	-	-	-	877,551
Street maintenance	-	-	-	-	1,650,069	1,650,069
Police	-	-	-	-	99,927	99,927
Fire	-	-	-	-	21,070	21,070
Parks and Rec	-	-	-	-	989,750	989,750
Stormwater drainage	-	-	-	-	1,168,121	1,168,121
Court	-	-	-	-	136,842	136,842
Library	-	-	-	-	12,558	12,558
Animal Control	-	-	-	-	5,026	5,026
Public, Education, Govt. Access	-	-	-	-	68,945	68,945
Streetscape	-	-	-	-	811,055	811,055
Tourism	-	-	-	-	21,841	21,841
Economic Development	-	-	-	-	1,162,904	1,162,904
Child Safety	-	-	-	-	212,868	212,868
Capital projects	-	-	32,406,101	38,075,387	-	70,481,488
Total restricted	-	877,551	32,406,101	38,075,387	6,360,976	77,720,015
Unassigned	33,039,775	-	-	-	(1,641)	33,038,134
	$ 33,164,547	$ 877,551	$ 32,406,101	$ 38,075,387	$ 6,359,335	$ 110,882,921

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2021, the cost of water purchased under this contract was $4,589,199.

The Town also entered into a water transmission facilities contract in March 2003 with the NTMWD. Under the terms of this contract, the NTMWD is to own, operate and maintain water transmission facilities located near the eastern border of the Town. NTMWD issued its Water Transmission Facilities Contract Revenue Bonds, Series 2003 (Town of Little Elm Project), in the amount of $5,390,000 for the purpose of acquiring and constructing the transmission facility. The obligation of the Town was to make payments to NTMWD under contract terms until all of the bonds are paid and retired and is no longer outstanding. During the year ended September 30, 2013, the NTMWD issued its Water Transmission Facilities Contract Revenue Refunding Bonds, Series 2013 (Town of Little Elm) in the amount of $3,555,000 for the purpose of defeasing the Series 2003 obligations. During the year ended September 30, 2021, the payments made under this contract were $553,321.

At September 30, 2021 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling $3,014,042.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement District

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 thru Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 thru Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of $5,380,866. Over time, the TIRZ #5 zone had modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM-2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs where financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is $15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of $184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach $184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority issued Certificates of Participation, Series 2021 for $30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds ($4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is $65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of $43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The Town has two categories of economic development agreements:

A. General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2021, the Town rebated $181,076 in sales taxes and $997,977 of property taxes and made other incentive payments of $1,091,874 under the agreements.

B. Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but are not limited to roads, water, sewer and storm water management. In fiscal year 2021, the Town made $987,889 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 until the date the TIRZ #3 terminates, which would be on or before December 31, 2043. Denton County contributed $63,859 in fiscal year 2021.

Note 16. GASB Pronouncements Implemented by the Town

GASB Statement No. 84, *Fiduciary Activities*. This Statement was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Beginning net position of the PID Custodial Fund was restated by $4,984,998 as a result of the implementation of this pronouncement.

Required Supplementary Information

Town of Little Elm, Texas

Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Taxes:				
Property taxes, penalty, and interest	$ 20,631,503	$ 20,631,503	$ 21,863,208	$ 1,231,705
General sales and use taxes	4,484,472	4,484,472	5,682,175	1,197,703
Other taxes and franchise fees	2,210,000	2,210,000	2,223,898	13,898
Licenses and permits	2,926,076	2,926,076	6,738,298	3,812,222
Intergovernmental revenue	2,675,220	4,967,802	6,226,278	1,258,476
Charges for services	5,634,752	6,124,646	6,482,424	357,778
Fines	650,000	650,000	757,765	107,765
Interest	425,000	425,000	154,469	(270,531)
Miscellaneous	138,000	144,986	308,265	163,279
Total revenues	39,775,023	42,564,485	50,436,780	7,872,295
Expenditures:				
General government:				
Town council	151,991	69,529	42,808	26,721
Town manager	1,442,097	1,440,097	1,318,876	121,221
Town secretary	192,606	238,556	238,387	169
Finance	2,194,886	2,294,386	1,854,461	439,925
Information technology	1,308,019	1,384,874	1,235,887	148,987
Town attorney	340,000	340,000	167,525	172,475
Marketing	390,619	390,619	314,744	75,875
Non-departmental	-	500	196	304
Total general government	6,020,218	6,158,561	5,172,884	985,677
Community services:				
Inspections	3,195,274	3,195,274	2,848,464	346,810
Total community services	3,195,274	3,195,274	2,848,464	346,810
Public safety:				
Police	13,701,343	13,750,678	12,848,184	902,494
Fire	10,386,611	10,386,611	10,068,379	318,232
Municipal court	591,665	591,665	459,619	132,046
Animal control	348,504	348,504	319,853	28,651
Total public safety	25,028,123	25,077,458	23,696,035	1,381,423
Public works:				
Streets	1,569,975	1,616,559	1,266,345	350,214
Fleet maintenance	498,978	498,978	409,823	89,155
Facility maintenance	844,617	871,717	858,775	12,942
Total public works	2,913,570	2,987,254	2,534,943	452,311

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes (Concluded)
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Budget
Culture and recreation:				
Library	$ 606,617	$ 623,797	$ 549,010	$ 74,787
Parks and recreation	6,035,445	6,579,110	5,053,361	1,525,749
Total culture and recreation	6,642,062	7,202,907	5,602,371	1,600,536
Capital outlay	977,455	1,028,649	829,011	199,638
Total expenditures	44,776,702	45,650,103	40,683,708	4,966,395
Excess (deficiency) of revenues over (under) expenditures	(5,001,679)	(3,085,618)	9,753,072	12,838,690
Other financing sources (uses):				
Transfers in	2,125,000	2,125,000	2,712,336	587,336
Proceeds from sale of assets	-	-	46,041	46,041
Insurance recovery	-	75,000	159,356	84,356
Transfers out	(965,000)	(5,103,746)	(5,103,746)	-
Total other financing sources (uses)	1,160,000	(2,903,746)	(2,186,013)	717,733
Revenues and other financing sources over (under) expenditures and other financing uses	(3,841,679)	(5,989,364)	7,567,059	13,556,423
Fund balance at beginning of year	25,597,488	25,597,488	25,597,488	-
Fund balance, end of year	$ 21,755,809	$ 19,608,124	$ 33,164,547	$ 13,556,423

Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, and water and sewer fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.

(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas

Schedule of Changes in Net Pension Liability and Related Ratios –
Texas Municipal Retirement System
Last Seven Measurement Periods

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability:							
Service cost	$ 1,781,572	$ 2,120,510	$ 2,355,108	$ 2,626,348	$ 3,014,390	$ 3,282,649	$ 3,772,041
Interest	1,306,279	1,544,900	1,739,588	2,023,022	2,313,659	2,691,346	3,087,959
Change in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	511,427	187,346	298,105	(90,555)	859,152	279,168	775,209
Change in assumptions	-	90,206	-	-	-	178,056	-
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)	(707,805)
Net change in total pension liability	3,272,751	3,549,744	4,068,822	4,224,012	5,627,785	5,538,697	6,927,404
Total Pension Liability-beginning	17,933,610	21,206,361	24,756,105	28,824,927	28,824,927	38,676,724	44,215,421
Total Pension Liability-ending	$ 21,206,361	$ 24,756,105	$ 28,824,927	$ 33,048,939	$ 34,452,712	$ 44,215,421	$ 51,142,825
Plan Fiduciary Net Position							
Contributions - employer	$ 1,185,583	$ 1,535,872	$ 1,676,473	$ 1,968,224	$ 2,266,748	$ 2,386,394	$ 2,822,744
Contributions - nonemployer	774,891	838,620	908,306	1,021,378	1,197,238	1,267,432	1,466,905
Net investment income	857,339	25,774	1,316,544	3,194,579	(866,209)	4,788,117	2,924,215
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)	(559,416)	(892,522)	(707,805)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)	(16,699)	(26,963)	(18,855)
Other	(736)	(776)	(798)	(838)	(871)	(810)	(735)
Net change in plan fiduciary net position	2,481,604	1,990,579	3,561,698	5,832,011	2,020,791	7,521,648	6,486,469
Plan fiduciary net position -beginning	14,979,082	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765	38,387,413
Plan fiduciary net position - ending	17,460,686	19,451,265	23,012,963	28,844,974	30,865,765	38,387,413	44,873,882
Town's net pension liability -ending	$ 3,745,675	$ 5,304,840	$ 5,811,964	$ 4,203,965	$ 3,586,947	$ 5,828,008	$ 6,268,943
Plan fiduciary net position as a % of total pension liability	82.34%	78.57%	79.84%	87.28%	89.59%	86.82%	87.74%
Covered payroll	$ 11,065,942	$ 11,980,280	$ 12,975,800	$ 14,574,627	$ 16,783,907	$ 18,106,173	$ 20,955,784
Town's net pension liability as a % of covered payroll	33.85%	44.28%	44.79%	28.84%	21.37%	32.19%	29.92%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas

Schedule of Pension Contributions –
Texas Municipal Retirement System
Last Seven Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	$ 1,450,482	$ 1,721,094	$ 1,901,949	$ 2,201,774	$ 2,459,086	$ 2,640,722	$ 2,901,400
Contribution in relation of the actuarially determined contribution	1,450,482	1,721,094	1,901,949	2,201,774	2,459,086	2,640,722	2,901,400
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,244,425	$ 13,214,555	$ 14,104,876	$ 16,242,464	$ 18,403,629	$ 19,524,411	$ 21,597,802
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%	13.36%	13.53%	13.43%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Four Measurement Periods

	Measurement Year			
	2017	2018	2019	2020
Total OPEB Liability:				
Service cost	$ 24,777	$ 33,568	$ 27,159	$ 41,912
Interest	10,108	11,094	12,691	12,031
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	-	(4,395)	(31,013)	(16,377)
Change in assumptions	30,053	(28,403)	81,166	82,266
Benefit payments	(1,457)	(1,678)	(1,811)	(2,096)
Net change in total OPEB liability	63,481	10,186	88,192	117,736
Total OPEB Liability-beginning	255,737	319,218	329,404	417,596
Total OPEB Liability-ending	$ 319,218	$ 329,404	$ 417,596	$ 535,332
Covered employee payroll	$ 14,574,627	$ 16,783,907	$ 18,106,173	$ 20,955,784
Town's total OPEB liability as a % of covered employee payroll	2.19%	1.96%	2.31%	2.55%

Only four years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Four Fiscal years

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	$ 2,885	$ 2,258	$ 1,952	$ 5,289
Contribution in relation of the actuarially determined contribution	2,885	2,258	1,952	5,289
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 16,242,464	$ 18,403,629	$ 19,524,411	$ 21,597,802
Contributions as a percentage of covered employee payroll	0.02%	0.01%	0.01%	0.02%

Only four years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Combining and Individual Fund Financial Statements and Schedules

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
General Obligation Debt Service Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Revenues:				
Property taxes	$ 4,959,606	$ 5,441,153	$ 5,961,744	$ 520,591
Intergovernmental	84,000	84,000	103,670	19,670
Interest	100,000	100,000	17,603	(82,397)
Total revenues	5,143,606	5,625,153	6,083,017	457,864
Expenditures:				
Debt service:				
Principal retirement	4,465,000	4,465,000	4,460,000	5,000
Interest and fiscal charges	1,750,106	1,750,106	1,731,358	18,748
Total expenditures	6,215,106	6,215,106	6,191,358	23,748
Excess (deficiency) of revenues over (under) expenditures	(1,071,500)	(589,953)	(108,341)	481,612
Other financing sources (uses):				
Transfers in	791,975	791,975	198,674	(593,301)
Transfers out	-	-	(291,479)	(291,479)
Total other financing sources (uses)	791,975	791,975	(92,805)	(884,780)
Net change in fund balance	(279,525)	202,022	(201,146)	(403,168)
Fund balances, beginning	1,078,697	1,078,697	1,078,697	-
Fund balances, ending	$ 799,172	$ 1,280,719	$ 877,551	$ (403,168)

Nonmajor Governmental Funds

Special Revenue Funds

Dedicated Funds
Accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

Donations Fund
Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund
Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund
The Special Purpose District provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District is up for renewal in 2021.

Hotel Occupancy Tax Fund
Accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund
Accounts for fees charged for storm water drainage services.

PEG Fund
Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

Grant Fund
Accounts for proceeds and expenditures relating to the Coronavirus Relief Fund grant.

Landscape Fund
The fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular to manage the medians and screening walls along all street thoroughfares.

Little Elm Parks Fund
Accounts for fees used to help fund parks and recreational spaces.

TIRZ #3 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD FUND
Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Hotel Occupancy Tax	Stormwater Drainage	PEG Fund
ASSETS							
Cash and cash equivalents	$ -	$ -	$ 313,731	$ 1,463,566	$ 15,724	$ 1,023,335	$ 60,454
Investments	-	-	8,942	41,714	449	29,149	1,723
Restricted cash and cash equivalents	361,515	51,239	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)							
Taxes	-	-	-	259,606	5,667	-	-
Due from other governments	-	-	-	-	-	-	-
Other	61,226	-	23	107	1	136,464	6,768
Due from other funds	-	-	-	-	-	-	-
Total assets	$ 422,741	$ 51,239	$ 322,696	$ 1,764,993	$ 21,841	$ 1,188,948	$ 68,945
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and other current liabilities	$ 2,534	$ -	$ 291,818	$ 67,150	$ -	$ 17,704	$ -
Retainage payable	-	-	-	47,774	-	3,123	-
Due to other funds	1,803	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total liabilities	4,337	-	291,818	114,924	-	20,827	-
Deferred inflows of resources:							
Unavailable resources	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances							
Restricted	418,404	51,239	30,878	1,650,069	21,841	1,168,121	68,945
Unassigned	-	-	-	-	-	-	-
Total fund balances	418,404	51,239	30,878	1,650,069	21,841	1,168,121	68,945
Total liabilities, deferred inflows of resources and fund balances	$ 422,741	$ 51,239	$ 322,696	$ 1,764,993	$ 21,841	$ 1,188,948	$ 68,945

Grant Fund	Landscape Fund	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ 825,596	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,702,406
-	23,532	-	-	-	-	-	-	105,509
2,069,072	-	950,362	1,026,369	18,805	-	1,818	53,563	4,532,743
-	-	27,088	29,253	536	-	52	1,527	58,456
-	-	-	38,927	-	-	-	-	304,200
-	57,872	-	-	-	-	-	-	57,872
-	60	70	75	1	-	-	2	204,797
-	-	-	257	1,266	-	-	442	1,965
$ 2,069,072	$ 907,060	$ 977,520	$ 1,094,881	$ 20,608	$ -	$ 1,870	$ 55,534	$ 8,967,948
$ 6,716	$ 46,205	$ -	$ 9,989	$ -	$ -	$ -	$ -	$ 442,116
-	-	-	-	-	-	-	-	50,897
234,942	-	-	-	-	-	-	-	236,745
1,829,055	-	-	-	-	-	-	-	1,829,055
2,070,713	46,205	-	9,989	-	-	-	-	2,558,813
-	49,800	-	-	-	-	-	-	49,800
-	49,800	-	-	-	-	-	-	49,800
-	811,055	977,520	1,084,892	20,608	-	1,870	55,534	6,360,976
(1,641)	-	-	-	-	-	-	-	(1,641)
(1,641)	811,055	977,520	1,084,892	20,608	-	1,870	55,534	6,359,335
$ 2,069,072	$ 907,060	$ 977,520	$ 1,094,881	$ 20,608	$ -	$ 1,870	$ 55,534	$ 8,967,948

Town of Little Elm, Texas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Dedicated Funds	Donations	Forfeitures	Street Maintenance	Hotel Occupancy Tax	Stormwater Drainage	PEG Fund
Revenues:							
Taxes							
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	1,448,016	-	-	-
Franchise taxes and other	-	-	-	-	21,794	-	33,745
Charges for service	-	-	-	-	-	689,999	-
Intergovernmental	5,140	-	-	-	-	1,456	-
Fines and forfeitures	106,701	-	-	-	-	-	-
Contributions	-	10,399	10,285	-	-	-	-
Interest	2,890	389	255	11,305	47	31,469	394
Other revenues	-	-	-	-	-	-	-
Total revenues	114,731	10,788	10,540	1,459,321	21,841	722,924	34,139
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Community service	-	-	-	-	-	-	-
Public safety	94,744	1,531	272,250	-	-	-	-
Public works	-	-	-	1,168,293	-	739,733	-
Culture and recreation	-	4,357	-	-	-	-	-
Capital outlay	-	-	-	-	-	69,585	9,155
Total expenditures	94,744	5,888	272,250	1,168,293	-	809,318	9,155
Excess (deficiency) of revenues over (under) expenditures	19,987	4,900	(261,710)	291,028	21,841	(86,394)	24,984
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(9,803)	-	-	-	-	-	(20,000)
Total other financing sources (uses)	(9,803)	-	-	-	-	-	(20,000)
Net changes in fund balance	10,184	4,900	(261,710)	291,028	21,841	(86,394)	4,984
Fund balance at beginning of year	408,220	46,339	292,588	1,359,041	-	1,254,515	63,961
Fund balance, end of year	$ 418,404	$ 51,239	$ 30,878	$ 1,650,069	$ 21,841	$ 1,168,121	$ 68,945

Grant Fund	Landscape Fund	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 421,853	$ 581,553	$ -	$ 48,342	$ 20,358	$ 1,072,106
-	-	-	128,739	-	-	-	-	1,576,755
-	-	-	-	-	-	-	-	55,539
-	-	-	-	-	-	-	-	689,999
70,426	205,635	-	-	-	-	-	-	282,657
-	-	859,917	-	-	-	-	-	966,618
-	-	-	-	-	-	-	-	20,684
3,100	6,800	2,741	6,884	2,367	2,622	184	330	71,777
-	181,191	-	2,243	-	-	-	-	183,434
73,526	393,626	862,658	559,719	583,920	2,622	48,526	20,688	4,919,569
-	-	-	131,381	-	13,953	-	-	145,334
-	383,106	-	-	-	-	-	-	383,106
-	-	-	-	-	-	-	-	368,525
-	-	-	-	-	-	-	-	1,908,026
57,892	-	-	-	-	-	-	-	62,249
20,274	690,474	-	-	573,765	-	46,802	-	1,410,055
78,166	1,073,580	-	131,381	573,765	13,953	46,802	-	4,277,295
(4,640)	(679,954)	862,658	428,338	10,155	(11,331)	1,724	20,688	642,274
-	391,000	-	291,479	-	-	-	-	682,479
-	-	-	(130,000)	-	(794,207)	-	-	(954,010)
-	391,000	-	161,479	-	(794,207)	-	-	(271,531)
(4,640)	(288,954)	862,658	589,817	10,155	(805,538)	1,724	20,688	370,743
2,999	1,100,009	114,862	495,075	10,453	805,538	146	34,846	5,988,592
$ (1,641)	$ 811,055	$ 977,520	$ 1,084,892	$ 20,608	$ -	$ 1,870	$ 55,534	$ 6,359,335

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Discretely Presented Component Units

ECONOMIC DEVELOPMENT CORPORATION – purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

COMMUNITY DEVELOPMENT CORPORATION – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2021

ASSETS		
Cash and cash equivalents	$	13,349,506
Receivables:		
Sales taxes		519,211
Leases		2,808,013
Note receivable from primary government		400,000
Due from primary government		521,969
Prepaid		2,500
Total assets	$	17,601,199
LIABILITIES		
Accounts payable and other current liabilities	$	1,601,279
Due to primary government		103,670
Total liabilities		1,704,949
DEFERRED INFLOWS OF RESOURCES		
Unavailable resources - note receivable		400,000
Unavailable resources - lease receivable - principal		2,808,013
Total deferred inflows of resources		3,208,013
FUND BALANCES		
Nonspendable		2,500
Restricted		12,685,737
Total fund balances		12,688,237
Total liabilities, deferred inflows of resources and fund balances	$	17,601,199

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Economic Development Corporation
September 30, 2021

Total fund balance - governmental funds	$ 12,688,237
Amounts reported in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	11,561,839
Long-term receivables from the primary government are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	400,000
Long-term leases receivable are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	2,808,013
Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(18,166,788)
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(41,319)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(36,884)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 9,213,098

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2021

Revenues:		
Taxes		
General sales and use taxes	$	2,799,628
Intergovernmental		2,082,196
Interest		58,244
Other revenues		170,012
Total revenues		5,110,080
Expenditures:		
Current:		
General government		133,670
Economic and physical development		963,364
Debt Service		
Principal		695,291
Interest and other fiscal charges		418,670
Debt issuance cost		93,750
Capital outlay		1,996,930
Total expenditures		4,301,675
Excess of revenues over expenditures		808,405
Other financing sources (uses):		
Issuance of loan		7,593,750
Sale of capital assets		1,450,000
Lease principal payment		76,717
Total other financing sources (uses)		9,120,467
Revenues and other financing sources over expenditures and other financing uses		9,928,872
Fund balance, beginning of year		2,759,365
Fund balance, end of year	$	12,688,237

Town of Little Elm, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2021

Net change in fund balances - governmental funds	$ 9,928,872
Amounts reported for component unit funds in the statement of activities are different because:	
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(10,651)
Capital outlays are reported as expenditures in governmental funds; however, in the government-wide financial statements, the costs are capitalized as capital asset additions. Disposals of capital assets reduce net position. This amount is the net effect of $2,279,191 of capital additions less ($1,000,000), the net effect of disposals of capital assets.	1,279,191
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position.	(27,055)
Repayment of note principal of $695,291 is an expenditure in the governmental funds and the issuance of $7,593,750 of a note payable is reported as other financing uses and sources, respectively, in the governmental funds. The net of the repayment with a new note payable issuance reduces long-term liabilities in the statement of net position.	(6,898,459)
Long-term receivables ($100,000) and lease principal payments ($77,576) from the primary government are not considered current financial resources. The recognition of revenue on such receivables is deferred in the governmental funds financial statements, while the principal payment received reduces the lease receivable balance in the government-wide statement of net position. The long-term receivable amount represents the change in deferred inflows related to the receivable.	(177,576)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(27,225)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 4,067,097

Town of Little Elm, Texas
Balance Sheet
Community Development Corporation
September 30, 2021

	Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 960,861
Investments	27,387
Receivables	259,676
Total assets	$ 1,247,924
LIABILITIES	
Accounts payable and other current liabilities	$ 11,145
Total liabilities	11,145
FUND BALANCE	
Unrestricted	1,236,779
Total fund balance	1,236,779
Total liabilities and fund balance	$ 1,247,924

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Community Development Corporation
September 30, 2021

Total fund balance - governmental funds	$	1,236,779
No differences between balance sheet and statement of net position.		-
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,236,779

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Community Development Corporation
For the Year Ended September 30, 2021

Revenues:		
Taxes		
General sales and use taxes	$	1,411,234
Interest		8,918
Total revenues		1,420,152
Expenditures:		
Current:		
General government		1,187,000
Economic and physical development		50,173
Total expenditures		1,237,173
Net change in fund balance		182,979
Fund balance, beginning of year		1,053,800
Fund balance, end of year	$	1,236,779

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Community Development Corporation
For the Year Ended September 30, 2021

Net change in fund balances - governmental funds	$	182,979
Amounts reported for component unit funds in the statement of activities are different because:		
No differences between change in fund balance and change in net position		-
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	182,979

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Statistical Section

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STATISTICAL SECTION

This part of the Town of Little Elm's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents	Table #s
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	**A-1 to A-4**
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	**B-1 to B-5**
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	**C-1 to C-5**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	**D-1 to D-2**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town	**E-1 to E-3**

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	$ 52,815,876	$ 63,117,552	$ 69,289,961	$ 77,934,036
Restricted	4,171,809	1,456,437	11,901,273	13,440,890
Unrestricted	8,639,473	13,561,477	13,397,901	5,819,571
Total governmental activities net position	$ 65,627,158	$ 78,135,466	$ 94,589,135	$ 97,194,497
Business-type activities				
Net investment in capital assets	$ 23,568,624	$ 27,797,915	$ 33,308,054	$ 38,387,629
Restricted	2,678,605	1,545,571	1,286,723	150,598
Unrestricted	3,395,564	2,792,130	1,253,792	4,209,613
Total business-type activities net position	$ 29,642,793	$ 32,135,616	$ 35,848,569	$ 42,747,840
Primary government				
Net investment in capital assets	$ 76,384,500	$ 90,915,467	$ 102,598,015	$ 116,321,665
Restricted	6,850,414	3,002,008	13,187,996	13,591,488
Unrestricted	12,035,037	16,353,607	14,651,693	10,029,184
Total primary governmental net position	$ 95,269,951	$ 110,271,082	$ 130,437,704	$ 139,942,337

Source: Annual Comprehensive Financial Report

Table A-1

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
	89,811,757	123,244,861	$ 123,244,861	$ 145,345,688	$ 157,699,639	$ 171,316,394
	8,767,764	7,397,801	12,374,755	13,172,118	15,434,016	60,716,093
	9,215,510	25,329,679	20,210,367	19,947,537	23,395,692	31,046,365
$	107,795,031	$ 155,972,341	$ 155,829,983	$ 178,465,343	$ 196,529,347	$ 263,078,852
$	37,228,657	$ 38,221,407	$ 40,669,826	$ 41,141,551	$ 44,190,975	$ 46,431,372
	1,104,061	2,014,670	2,766,515	3,895,353	4,376,151	4,704,740
	6,738,911	6,966,515	11,378,914	14,453,500	19,105,126	24,001,071
$	45,071,629	$ 47,202,592	$ 54,815,255	$ 59,490,404	$ 67,672,252	$ 75,137,183
$	127,040,414	$ 161,466,268	$ 163,914,687	$ 186,487,239	$ 201,890,614	$ 217,747,766
	9,871,825	9,412,471	15,141,270	17,067,471	19,810,167	65,420,833
	15,954,421	32,296,194	31,589,281	34,401,037	42,500,818	55,047,436
$	152,866,660	$ 203,174,933	$ 210,645,238	$ 237,955,747	$ 264,201,599	$ 338,216,035

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	$ 2,576,483	$ 5,867,144	$ 5,289,827	$ 6,085,289
Community services	1,238,188	1,638,809	1,918,695	2,408,167
Public safety	8,002,813	9,335,742	10,433,709	12,583,312
Public works	5,344,115	6,021,562	6,499,936	6,956,858
Culture and recreation	1,674,950	2,667,072	3,104,651	2,424,055
Interest on long-term debt	1,655,901	1,473,694	3,388,234	1,707,491
Total governmental activities expenses	$ 20,492,450	$ 27,004,023	$ 30,635,052	$ 32,165,172
Business-type activities:				
Water and sewer	$ 8,576,299	$ 8,938,110	$ 9,018,321	$ 9,597,743
Solid waste	1,542,812	1,828,285	1,983,776	1,732,336
Total business-type activities expenses	10,119,111	10,766,395	11,002,097	11,330,079
Total primary government expenses	$ 30,611,561	$ 37,770,418	$ 41,637,149	$ 43,495,251
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 203,194	$ 225,645	$ 142,850	$ 191,432
Community services	3,067,120	3,219,516	4,826,558	5,265,753
Public safety	1,316,490	1,421,556	1,408,432	1,682,570
Public works	36,968	18,219	52,660	163,616
Culture and recreation	229,245	367,880	548,339	799,635
Operating grants and contributions	296,234	8,481,366	877,283	2,330,627
Capital grants and contributions	5,072,076	8,196,369	20,153,631	4,480,887
Total governmental activities program revenues	$ 10,221,327	$ 21,930,551	$ 28,009,753	$ 14,914,520
Business-type activities:				
Charges for services:				
Water and sewer	$ 10,088,464	$ 10,843,125	$ 11,206,850	$ 13,023,491
Solid waste	1,758,790	1,919,103	2,038,990	2,157,342
Operating grants and contributions	-	22,395	-	23,964
Capital grants and contributions	2,382,570	1,828,359	3,595,837	3,593,256
Total business-type activities program revenues	$ 14,229,824	$ 14,612,982	$ 16,841,677	$ 18,798,053
Total primary government program revenues	$ 24,451,151	$ 36,543,533	$ 44,851,430	$ 33,712,573

Source: Annual Comprehensive Financial Report

Notes: [b] General Revenue classifications modified.

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 12,682,196	$ 7,030,639	$ 9,915,012	$ 8,443,749	$ 6,028,316	$ 12,236,888
2,412,674	2,562,510	5,470,064	2,948,714	3,072,109	3,224,276
16,154,573	14,962,540	2,794,957	18,514,472	21,585,797	25,324,342
4,894,523	4,620,071	17,210,038	8,392,911	7,500,282	9,051,190
3,850,034	3,813,775	6,007,369	5,884,721	6,223,043	8,034,076
1,552,317	1,705,104	4,970,121	3,244,002	1,961,911	1,684,428
$ 41,546,317	$ 34,694,639	$ 46,367,561	$ 47,428,569	$ 46,371,458	$ 59,555,200
$ 12,813,910	$ 13,091,003	$ 13,442,962	$ 13,401,840	13,570,792	14,115,471
1,797,240	1,885,091	1,937,883	2,061,254	2,345,983	2,580,141
14,611,150	14,976,094	15,380,845	15,463,094	15,916,775	16,695,612
$ 56,157,467	$ 49,670,733	$ 61,748,406	$ 62,891,663	$ 62,288,233	$ 76,250,812
$ 239,193	$ 480,986	$ 1,326,909	$ 81,933	$ 146,117	$ 202,503
5,448,892	5,284,136	4,720,087	4,045,264	4,352,645	7,697,199
2,096,745	2,598,197	2,830,765	3,702,971	3,663,496	3,562,529
999,412	820,186	1,480,153	1,775,903	1,785,248	2,690,593
845,848	1,312,017	1,615,206	1,663,191	1,150,886	4,263,087
1,888,507	2,486,348	662,533	741,359	4,403,463	3,830,214
15,400,107	8,269,408	34,764,994	20,308,931	8,561,351	61,971,547
$ 26,918,704	$ 21,251,278	$ 47,400,647	$ 32,319,552	$ 24,063,206	$ 84,217,672
$ 14,156,856	$ 15,381,528	$ 17,754,577	$ 18,144,028	19,036,780	19,243,512
2,247,375	2,329,542	2,394,909	2,524,859	2,834,435	3,110,319
-	50	194,520	3,750	288,654	-
2,387,592	1,363,346	2,224,101	1,128,838	3,695,752	3,520,701
$ 18,791,823	$ 19,074,466	$ 22,568,107	$ 21,801,475	$ 25,855,621	$ 25,874,532
$ 45,710,527	$ 40,325,744	$ 69,968,754	$ 54,121,027	$ 49,918,827	$ 110,092,204

Town of Little Elm, Texas

Changes in Net Position – Continued
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Net (Expenses) Revenue				
Governmental activities	$ (10,675,132)	$ (10,271,123)	$ (5,073,472)	$ (2,625,299)
Business-type activities	3,446,888	4,110,713	3,846,587	5,839,580
Total primary government net expenses	$ (7,228,244)	$ (6,160,410)	$ (1,226,885)	$ 3,214,281
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 10,195,279	$ 10,662,787	$ 10,864,585	$ 11,851,416
Sales & Other taxes	3,438,665	4,039,591	4,506,310	4,843,855
Unrestricted investment earnings	271,988	199,751	136,752	156,577
Gains on sale of assets	-	-	9,330	18,171
Miscellaneous	1,329,395	464,013	513,343	1,158,653
Transfers	1,238,953	1,815,196	1,551,460	1,697,504
Total governmental activities	$ 16,474,280	$ 17,181,338	$ 17,581,780	$ 19,726,176
Business-type activities:				
Taxes	$ 56,342	$ 82,977	$ 92,009	$ 106,872
Unrestricted investment earnings	150,655	139,604	96,344	44,010
Gains on sale of assets	-	-	9,343	7,214
Miscellaneous	758,399	-	-	-
Transfers	(1,238,953)	(1,815,196)	(1,551,460)	(1,697,504)
Total business-type activities	$ (273,557)	$ (1,592,615)	$ (1,353,764)	$ (1,539,408)
Total primary government	$ 16,200,723	$ 15,588,723	$ 16,228,016	$ 18,186,768
Change in Net Position				
Governmental activities	$ 5,799,148	$ 6,910,215	$ 12,508,308	$ 17,100,877
Business-type activities	3,173,331	2,518,098	2,492,823	4,300,172
Total primary government	$ 8,972,479	$ 9,428,313	$ 15,001,131	$ 21,401,049

Source: Annual Comprehensive Financial Report

Notes: [a] General Revenue classifications modified.

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ (17,250,652)	$ (13,443,361)	$ 1,033,086	$ (15,109,017)	$ (22,308,252)	$ 24,662,472
7,467,974	4,098,372	7,187,262	6,338,381	9,938,846	9,178,920
$ (9,782,678)	$ (9,344,989)	$ 8,220,348	$ (8,770,636)	$ (12,369,406)	$ 33,841,392
$ 14,089,672	$ 16,052,346	$ 21,827,298	$ 24,654,126	$ 27,474,111	$ 28,852,488
5,641,075	6,136,073	7,220,842	7,549,289	8,466,994	9,538,367
155,456	222,445	628,922	1,456,551	999,944	373,282
23,500	252,717	-	108,592	12,422	604,039
1,322,492	629,343	751,830	1,648,669	1,052,785	142,857
474,640	2,042,935	57,640	2,327,150	2,366,000	2,376,000
$ 21,706,835	$ 25,335,859	$ 30,486,532	$ 37,744,377	$ 40,372,256	$ 41,887,033
$ 119,560	$ 110,588	$ 123,504	$ 150,895	$ 173,375	$ 187,207
29,969	75,463	307,881	472,431	426,620	228,569
-	-	15,864	15,456	-	-
-	-	59,830	25,136	9,007	246,235
(474,640)	(2,042,935)	(57,640)	(2,327,150)	(2,366,000)	(2,376,000)
$ (325,111)	$ (1,856,884)	$ 449,439	$ (1,663,232)	$ (1,756,998)	$ (1,713,989)
$ 21,381,724	$ 23,478,975	$ 30,935,971	$ 36,081,145	$ 38,615,258	$ 40,173,044
$ 4,456,183	$ 11,892,498	$ 31,519,618	$ 22,635,360	$ 18,064,004	$ 66,549,505
7,142,863	2,241,488	7,636,701	4,675,149	8,181,848	7,464,931
$ 11,599,046	$ 14,133,986	$ 39,156,319	$ 27,310,509	$ 26,245,852	$ 74,014,436

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Reserved [a]	$ -	$ -	$ -	$ -
Nonspendable [a]	56,704	274,054	200,487	265,038
Restricted	221,155	-	-	-
Committed	-	-	-	-
Assigned	693,600	925,000	4,938,437	-
Unassigned	6,130,718	5,751,731	3,312,912	6,700,923
Unreserved, designated for	-	-	-	-
Unbudgeted expenditures	-	-	-	-
Unreserved, undesignated	-	-	-	-
Total general fund	$ 7,102,177	$ 6,950,785	$ 8,451,836	$ 6,965,961
All Other Governmental Funds				
Nonspendable [a]	$ 150	$ 150	$ 6,302	$ -
Restricted	4,346,848	8,113,910	17,979,664	10,883,984
Committed	1,273,852	620,602	241,487	1,644,874
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 5,620,850	$ 8,734,662	$ 18,227,453	$ 12,528,858

Source: Annual Comprehensive Financial Report

Notes: [a] Includes inventory and prepaid

Table A-3

	Fiscal Year					
	2016	2017	2018	2019	2020	2021
$	-	$ -	$ -	$ -	$ -	$ -
	299,425	313,699	64,554	60,914	81,691	124,772
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	11,028,718	15,660,796	21,148,258	21,312,934	25,515,797	33,039,775
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
$	11,328,143	$ 15,974,495	$ 21,212,812	$ 21,373,848	$ 25,597,488	$ 33,164,547
$	123,522	$ -	$ -	$ -	$ 743	$ -
	17,206,729	11,292,937	28,677,341	32,482,359	22,668,693	77,720,015
	1,153,748	409,582	751,574	1,674,909	1,271,178	-
	-	-	-	-	-	-
	-	(6,306)	(142,458)	-	-	(1,641)
$	18,483,999	$ 11,696,213	$ 29,286,457	$ 34,157,268	$ 23,940,614	$ 77,718,374

Town of Little Elm, Texas

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Property taxes, penalties and interest	$ 10,459,636	$ 10,968,977	$ 11,819,118	$ 13,912,222
Sales tax	2,369,358	2,775,736	2,987,162	3,540,489
Franchise and other taxes	1,670,233	1,730,574	1,856,693	2,100,586
Licenses and permits	2,386,244	2,280,136	3,814,451	4,009,517
Intergovernmental revenue and grants	2,996,983	2,055,690	1,365,490	2,630,400
Charges for services	1,227,622	1,521,394	1,884,181	2,765,194
Impact fees	1,555,857	1,274,372	514,220	1,722,581
Fines and forfeitures	628,399	667,479	589,772	886,617
Contributions	5,500	-	18,756,088	1,254,495
Interest earnings	199,751	136,281	154,060	131,666
Other revenue	1,312,349	1,134,249	1,310,971	764,579
Total revenues	24,811,932	24,544,888	45,052,206	33,718,346
EXPENDITURES				
General government	2,501,809	5,662,076	3,459,553	5,795,226
Community services	1,261,237	1,604,716	1,910,740	2,408,167
Public safety	7,577,815	8,185,886	9,454,244	10,668,379
Public works	1,766,131	2,417,222	2,794,991	3,225,270
Culture and recreation	1,533,497	2,211,489	2,639,344	2,947,604
Debt service				
Principal retirement	1,671,146	1,837,728	2,097,789	2,499,432
Interest and fiscal charges	1,609,606	1,649,588	3,579,358	1,654,972
Other debt service costs	-	-	-	-
Capital outlay	17,189,209	8,758,950	12,815,066	14,197,333
Total expenditures	35,110,450	32,327,655	38,751,085	43,396,383
Excess (deficiency) of revenues over (under) expenditures	(10,298,518)	(7,782,767)	6,301,121	(9,678,037)
OTHER FINANCING SOURCES (USES)				
Bonds/notes issued	3,885,000	8,735,000	5,020,000	1,990,000
Sale of capital assets	-	509,233	18,171	23,500
Capital lease obligations issued	386,487	-	144,913	104,957
Insurance recoveries	-	-	-	-
Premium on bonds issued	180,716	143,094	235,610	-
Payment to refunded bond escrow agent	(3,999,197)	-	(2,190,000)	-
Transfer from other funds	3,523,887	3,035,883	2,556,084	4,209,821
Transfer to other funds	(1,708,691)	(1,678,023)	(1,092,057)	(3,834,711)
Total other financing sources (uses)	2,268,202	10,745,187	4,692,721	2,493,567
NET CHANGE IN FUND BALANCES	$ (8,030,316)	$ 2,962,420	$ 10,993,842	$ (7,184,470)
Debt service as a percentage of noncapital expenditures	18.2%	14.8%	20.7%	13.6%

Source: Annual Comprehensive Financial Report

Fiscal Year					
2016	2017	2018	2019	2020	2021
$ 16,210,647	$ 18,796,064	$ 21,863,934	$ 24,655,979	$ 27,356,975	$ 28,897,058
4,010,218	4,303,543	4,881,118	5,278,231	6,201,247	7,258,930
2,065,392	2,133,889	2,339,724	2,271,058	2,265,747	2,279,437
5,161,638	4,743,132	4,627,259	4,325,422	4,783,505	8,618,191
2,252,406	4,365,912	1,638,166	3,195,962	6,168,970	8,309,427
3,098,936	3,982,077	4,562,866	5,020,158	4,329,841	7,172,423
499,168	754,659	592,384	738,079	620,170	1,611,378
856,897	1,055,079	1,188,762	1,180,796	907,125	1,724,383
3,900,214	3,408,072	24,160,636	5,596,739	2,369,847	47,803,383
209,291	272,668	591,988	1,389,624	941,866	343,751
726,869	813,755	662,659	572,364	577,148	813,866
38,991,676	44,628,850	67,109,496	54,224,412	56,522,441	114,832,227
4,009,920	4,273,199	10,268,332	6,607,780	5,140,370	11,946,544
2,917,957	2,563,865	2,837,652	3,004,065	3,107,016	3,231,570
11,425,793	13,861,595	16,770,953	18,646,409	21,100,611	24,064,560
4,141,315	3,179,415	3,727,511	5,278,146	3,994,842	4,442,969
3,177,221	3,574,826	3,975,192	4,330,942	4,359,830	5,664,620
2,825,254	3,291,897	3,593,540	5,001,002	5,620,395	4,460,000
1,865,298	1,784,447	1,742,079	2,011,943	2,038,797	1,731,358
597,105	-	3,240,426	1,370,615	193,021	181,340
10,029,564	17,686,821	16,876,441	12,981,218	23,944,854	15,527,184
40,989,427	50,216,065	63,032,126	59,232,120	69,499,736	71,250,145
(1,997,751)	(5,587,215)	4,077,370	(5,007,708)	(12,977,295)	43,582,082
16,380,000	-	15,460,000	13,960,000	9,645,000	13,605,000
252,717	31,663	103,668	142,943	-	46,041
-	-	-	-	-	-
-	1,016,343	321,485	426,578	146,328	159,356
787,923	-	766,813	1,061,382	303,844	1,576,340
(7,148,501)	-	-	(7,878,498)	(5,476,891)	-
2,743,996	4,421,619	4,640,598	5,520,135	6,973,851	8,725,235
(701,061)	(2,124,469)	(2,541,373)	(3,192,985)	(4,607,851)	(6,349,235)
12,315,074	3,345,156	18,751,191	10,039,555	6,984,281	17,762,737
$ 10,317,323	$ (2,242,059)	$ 22,828,561	$ 5,031,847	$ (5,993,014)	$ 61,344,819
14.1%	15.7%	11.9%	15.1%	16.6%	10.8%

Town of Little Elm, Texas **Table B-1**

Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation: Real Property	Market Valuation: Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	$ 1,691,659,713	$ 55,542,364	$ 175,488,594	$ 1,571,713,483	0.66497
2013	1,661,535,865	64,223,721	181,089,163	1,544,670,423	0.66497
2014	1,811,983,598	70,371,887	199,149,794	1,683,205,691	0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497
2016	2,653,573,290	82,618,591	312,314,526	2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767
2019	4,165,315,692	100,211,706	361,702,600	3,903,824,798	0.64990
2020	4,646,921,748	109,987,311	368,020,704	4,388,888,355	0.64990
2021	4,873,039,686	114,727,034	292,826,249	4,694,940,471	0.64970

Source: Denton County Appraisal District

Town of Little Elm, Texas **Table B-2**

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rates			Overlapping Rates [a]						
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District - LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD	Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
2012	0.46691	0.19807	0.66497	1.54000	1.42000	1.53000	0.27736	2.48233	2.36233	2.47233
2013	0.48129	0.18369	0.66497	1.54000	1.46000	1.53000	0.28287	2.48784	2.40784	2.47784
2014	0.49665	0.16833	0.66497	1.54000	1.46000	1.53000	0.28491	2.48989	2.40989	2.47989
2015	0.47715	0.18782	0.66497	1.54000	1.46000	1.54000	0.27220	2.47717	2.39717	2.47717
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000	0.23781	2.43548	2.35548	2.43548
2019	0.47943	0.17047	0.64990	1.64000	1.44000	1.54000	0.22557	2.51547	2.31547	2.41547
2020	0.49587	0.15403	0.64990	1.53830	1.33830	1.47000	0.22528	2.41348	2.21348	2.34518
2021	0.52000	0.12970	0.64970	1.49360	1.31020	1.40760	0.22499	2.36829	2.18489	2.28229

[a] Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Town of Little Elm, Texas **Table B-3**

Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

FY 2020-2021
(2020 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
WESTERN RIM INVESTORS 2014-5 LP	$ 70,000,000	1.49%
ORION LAKESIDE LLC	67,000,000	1.43%
4 CORNERS AL LP	62,993,134	1.34%
TEXAS PROPERTY BORROWER LLC	60,688,085	1.29%
BELL FUND VI FRISCO LLC	55,453,453	1.18%
CENTENNIAL LUXE LP	50,000,000	1.06%
GCRE/TX MAIN MARKETPLACE LLC & LCAR MAIN MARKET	43,168,496	0.92%
THE LANDING AT LITTLE ELM APARTMENTS LLC	41,000,000	0.87%
PALLADIUM USA	31,000,000	0.66%
CRIMSON 1031 PORTFOLIO LLC	27,408,600	0.58%
Total	$ 508,711,768	10.84%
Total Assessed Valuation	$ 4,694,940,471	100.00%

FY 2011-2012
(2011 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Little Elm TC Partners LTD	$ 18,975,000	1.21%
Kroger	16,216,475	1.03%
Scarborough Sunset IIIP	15,902,097	1.01%
Retractable	12,430,091	0.79%
Village at Eldorado CMC	12,164,000	0.77%
NWC FM 423 and Eldorado Parkway	12,099,484	0.77%
CoSer Electric	9,005,090	0.57%
Paloma Creek All Storage	6,391,329	0.41%
Yes Companies	5,972,916	0.38%
Western Rim Investors	5,431,474	0.35%
Total	$ 114,587,956	7.29%
Total Assessed Valuation	$ 1,571,713,483	100.00%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

Town of Little Elm, Texas **Table B-4**

Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 10,462,821	$ 10,279,526	98.25%	$ 181,197	$ 10,460,724	99.98%
2013	10,651,248	10,514,194	98.71%	134,528	10,648,722	99.98%
2014	11,780,687	11,648,622	98.88%	119,031	11,767,653	99.89%
2015	13,629,127	13,581,388	99.65%	37,848	13,619,236	99.93%
2016	15,848,795	15,812,201	99.77%	22,481	15,834,682	99.91%
2017	18,694,955	18,616,309	99.58%	65,636	18,681,945	99.93%
2018	21,819,292	21,774,594	99.80%	22,245	21,796,839	99.90%
2019	24,976,789	24,904,762	99.71%	52,230	24,956,992	99.92%
2020	28,077,721	27,999,271	99.72%	78,450	28,077,721	100.00%
2021	29,718,306	29,593,236	99.58%	-	29,593,236	99.58%

Source: Denton Central Appraisal District

Town of Little Elm, Texas **Table B-5**

Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. **Net** collections on a **fiscal year** basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1¼% [a] City	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2012	$ 3,861,036	$ 2,413,148	23.06%	0.15337	$ 965,259	$ 482,630
2013	4,479,710	2,799,819	26.29%	0.17480	1,119,927	559,964
2014	4,810,546	3,006,591	25.52%	0.16971	1,202,636	601,318
2015	5,705,401	3,565,876	26.16%	0.17398	1,426,350	713,175
2016	6,962,498	4,351,562	27.46%	0.18168	1,740,625	870,312
2017	7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018	7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,834	22.49%	0.14619	2,526,334	1,263,167
2021	11,584,128	7,240,080	24.36%	0.15828	2,896,032	1,448,016

[a] The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the res the May 2005 authorization for an additional ¼% for street maintenance. The voters have continued to support this dedicated sales tax for the street maintenance program. This continuation was reflected in the May 2020 election.

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas **Table C-1**

Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities			Business-Type Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Note Payable to EDC	Total Primary Government	Percentage of Personal Income[b]	Per Capita[b]
2012	$ 33,348,254	$ 2,260,000	$ 321,018	$ 6,740,000	$ 4,866,746	$ 22,340,000	$ 125,000	$ -	$ 70,001,018	9.52%	2,428
2013	34,335,527	8,170,000	202,689	3,055,000	7,504,473	21,890,000	-	-	75,157,689	8.11%	2,144
2014	32,307,738	10,930,000	175,177	-	9,407,262	21,060,000	-	-	73,880,177	8.23%	2,291
2015	31,043,926	10,563,955	2,032,096	-	9,044,162	20,400,854	-	-	73,084,993	8.14%	2,266
2016	29,061,169	19,953,985	1,602,905	-	8,806,563	27,364,862	-	900,000	87,689,484	9.13%	2,565
2017	26,856,884	19,095,903	1,222,932	-	21,626,986	24,995,585	-	800,000	94,598,290	6.78%	2,456
2018	25,299,571	33,517,823	855,000	-	20,680,733	23,234,304	-	700,000	104,287,431	6.54%	2,481
2019	24,556,855	36,644,677	495,000	-	19,121,943	20,785,888	-	600,000	102,204,364	5.81%	2,295
2020	21,404,875	38,571,929	250,000	-	17,535,005	20,742,471	-	500,000	99,004,280	5.33%	2,143
2021	18,754,992	51,955,893	-	-	15,954,458	28,628,906	-	400,000	115,694,249	5.30%	2,244

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[a] Includes Tax Notes and Capital Leases

[b] See Table D-1 for personal income and population data.

Town of Little Elm, Texas **Table C-2**

Ratio Of Net General Bonded Debt To Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation [c]	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property [a]	Per Capita [b]
2012	$ 38,215,000	$ 2,260,000	$ 40,475,000	$ 554,894	$ 39,920,106	2.54%	1,384
2013	41,840,000	8,170,000	50,010,000	567,931	49,442,069	3.20%	1,410
2014	41,715,000	10,930,000	52,645,000	367,338	52,277,662	3.11%	1,621
2015	39,005,000	10,450,000	49,455,000	1,005,376	48,449,624	2.48%	1,432
2016	37,867,732	19,953,985	57,821,716	453,186	57,368,530	2.37%	1,595
2017	48,483,870	19,095,903	67,579,773	746,213	66,833,560	2.33%	1,750
2018	45,980,304	33,517,823	79,498,127	1,153,205	78,344,922	2.33%	1,766
2019	43,678,799	36,644,677	80,323,476	1,080,534	79,242,942	2.03%	1,780
2020	38,939,880	38,571,929	77,511,809	839,855	76,671,954	1.75%	1,660
2021	34,709,450	51,955,893	86,665,343	680,723	85,984,620	1.83%	1,668

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

[a] See Table B-1 for property value data.
[b] See Table D-1 for population data.

[c] This does not include Certificates of Obligations from Business-Type Activities. See Table C-1 for Business-Type Activities revenue based ratios.

Town of Little Elm, Texas **Table C-3**

Direct and Overlapping Debt
As of September 30, 2021 (Unaudited)

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area [d]	Town of Little Elm Share of Overlapping Debt [c]
Debt repaid with property taxes				
Frisco I.S.D.	Sep-21	$ 2,149,080,696	3.14%	$ 67,481,134
Little Elm I.S.D.	Sep-21	330,441,408	38.57%	127,451,251
Denton County	Sep-21	571,605,000	3.87%	22,121,114
Highway 380 MMD #1	Sep-21	44,745,000	71.05%	31,791,323
Subtotal, overlapping debt		$ 3,095,872,104		248,844,821
Town of Little Elm Direct Debt [a]	Sep-21	$ 70,710,885	100.00%	70,710,885
Total direct and overlapping debt				$ 319,555,706
Ratio of direct and overlapping debt principal to taxable values [b]				6.81%
Ratio of direct and overlapping debt principal to actual market values [b]				6.41%

Source: Municipal Advisory Council of Texas

Notes: [a] Includes Governmental Activities debt

[b] See Table B-1 for property value data.

[c] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[d] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas **Table C-4**

Legal Debt Margin Information
Last Ten Years (Unaudited)

The Town of Little Elm, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to $2.50 per $100 assessed valuation for cities operating under a Home Rule Charter. Accordingy, the Town's tax margin for the previous ten years was:

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.6650	0.6650	0.6650	0.6650	0.6617	0.6617	0.6577	0.6499	0.6499	0.649702
Legal Debt Margin	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8383	$ 1.8383	$ 1.8423	$ 1.8501	$ 1.8501	$ 1.8503

Town of Little Elm, Texas **Table C-5**

Pledged-Revenue Coverage

Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2012	$ 11,319,089	$ 5,495,379	$ 5,823,710	$ 1,283,032	4.54
2013	12,194,625	5,889,534	6,305,091	1,558,701	4.05
2014	12,908,682	6,275,068	6,633,614	1,645,568	4.03
2015	15,679,764	6,469,613	9,210,151	1,694,747	5.43
2016	16,834,616	8,068,474	8,766,142	1,943,104	4.51
2017	16,934,343	9,154,302	7,780,041	2,556,461	3.04
2018	22,581,899	9,743,731	12,838,168	2,633,996	4.87
2019	19,775,952	9,670,109	10,105,843	2,719,605	3.72
2020	23,448,906	9,708,159	13,740,747	2,660,000	5.17
2021	23,469,056	9,922,442	13,546,614	3,030,000	4.47

Notes: [a]Includes operating and non-operating revenues.

[b]Includes operating expenses minus depreciation.

[c]Includes annual debt service requirements for all bonds paid from system revenues

Town of Little Elm, Texas **Table D-1**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]	Average Household Income
				Little ELM ISD	Denton County	
2012	28,835	$ 735,407,840	$ 25,504	6,344	6.3%	n/a
2013	35,059	926,188,662	26,418	6,606	5.5%	n/a
2014	32,248	897,558,584	27,833	6,910	4.5%	n/a
2015	33,842	950,418,728	28,084	7,193	3.4%	n/a
2016	35,960	1,059,813,120	29,472	7,354	3.3%	n/a
2017	38,194	1,384,074,172	36,238	7,371	4.1%	n/a
2018	42,040	1,594,493,120	37,928	7,565	2.9%	n/a
2019	44,530	1,760,493,550	39,535	8,055	2.7%	117,502
2020	46,200	1,858,764,600	40,233	8,100	6.6%	128,783
2021	51,553	2,184,197,504	42,368	8,011	3.9%	134,914

Sources: [a]Estimated population provided North Central Texas Council of Governments
[b]Per Capita Income provided by GIS esri
[c]Little Elm Independent School District
[d]Bureau of Labor Statisics, Denton County

Note: Personal income is calculated by multiplying estimated population by per capita personal income.
Average Household Income for previous years not available

Town of Little Elm, Texas **Table D-2**

Principal Employers

Current Year and Nine Years Ago (Unaudited)

2021

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	1,300	16.81%
Town of Little Elm	326	4.22%
Kroger	200	2.59%
Lowes Home Center	150	1.94%
Retractable Technologies	149	1.93%
Holt	80	1.03%
Hula Hut	67	0.87%
Total	2,272	29.38%
Total Little Elm Daytime Employees	7,733	

2012

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	737	21.36%
Kroger	225	6.52%
Town of Little Elm	198	5.74%
Retractable Technologies	150	4.35%
Lowes Home Center	136	3.94%
Applebee's	100	2.90%
24 Hour Fitness	50	1.45%
Total	1,596	48.96%
Total Little Elm Daytime Employees	3,450	

Source: Top ten employers and employee count provided by Little Elm Economic Development Corporation.

Town of Little Elm, Texas **Table E-1**

Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	15.50	21.00	19.50	19.00	19.00	21.00	22.50	21.50	24.50	21.50
Public Safety	80.00	85.50	90.00	95.50	111.50	112.50	129.50	136.00	147.00	158.00
Public Works	22.00	21.00	18.50	20.00	19.50	14.50	20.50	20.50	18.50	18.50
Culture and Recreational	29.50	31.50	32.50	35.00	37.50	40.50	47.50	49.00	46.50	82.50
Planning and Development	13.00	10.00	15.00	15.00	14.00	19.00	13.00	19.00	16.00	13.00
Water and Sewer	23.50	27.00	30.00	29.00	29.00	28.00	33.00	29.00	31.00	33.00
Total	183.50	196.00	205.50	213.50	230.50	235.50	266.00	275.00	283.50	326.50

Source: Town Finance Department

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Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2012	2013	2014
Public Safety			
Police			
Number of employees [b]	41	44	44
Number of violations (citations)	3,974	4,434	4,306
Fire			
Number of employees[b]	40	42	47
Number of volunteers	1	0	3
Number of fire runs	888	1,011	992
Number of EMS runs	1,327	1,437	1,732
Public Works			
Streets (miles)[e]	108	108	108
Community Services			
Residential permits	588	737	860
Commercial permits	47	59	62
Cultural and Recreational			
Parks and recreation			
Park maintain & operate per acre	500	500	500
Participants in parks programs	3,800	22,700	50,000
Participants in senior program	320	1,020	11,577
Participants at Recreation Center	N/A	30,400	45,316
Participants at Aquatics Center	N/A	N/A	N/A
Library			
Volumes in Collection [d]	37,785	45,538	45,187
Circulation	69,114	92,684	136,765
Water and Sewer			
Number of water connections	8,963	9,257	9,835
Number of sewer connections	8,636	8,927	9,489
Average daily water consumption [c]	2,547	2,710	3,110
Maximum ground storage capacity [c]	7,000	7,000	7,170
Maximum elevated storage capacity [c]	1,500	1,500	3,578
Water purchased [c]	1,160,174	1,161,074	1,134,837

Source: Town Departments
Notes:
N/A - Data not Available
[b] Department Administration and EMS Staff included
[c] Stated in millions of gallons
[d] Includes digital books available via shared databases
[e] Streets increase driven by new development

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
49	52	58	59	71	75	85
5,332	4,617	4,744	5,635	6,780	3673	6172
45	55	54	64	62	62	64
10	10	7	9	6	3	2
1,112	1,287	1,327	1,413	1,606	1635	2001
1,714	1,940	2,191	2,395	2,545	2709	3321
131	138	138	155	156	159	184
1034	1154	1,047	1,101	1,037	1005	1306
68	76	91	101	65	64	64
500	500	500	500	500	500	500
65,000	75,980	77,000	78,000	76,982	52,349	60,857
14,769	18,304	24,864	27,643	30,508	878	11,408
47,690	53,632	77,679	114,915	113,571	63,022	114,216
N/A	N/A	N/A	N/A	N/A	N/A	127,968
47,531	77,928	81,380	215,539	224,086	190,332	198,259
124,470	126,326	126,092	132,997	133,395	153,270	140,644
9,880	10,370	10,680	11,153	11,408	11,763	12,390
9,531	9,983	10,272	10,732	10,948	11,170	11,790
3,164	3,201	3,253	3,718	3,953	4,313	3,432
7,170	7,170	7,170	7,170	7,170	7,170	7,170
3,578	3,578	3,578	3,578	3,578	3,578	3,578
1,127,728	1,235,350	1,351,428	1,500,532	1,411,097	1,509,605	1,571,273

Town of Little Elm, Texas **Table E-3**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles[b]	16	16	17	19	25	30	30	30	39	71
Fire Stations	2	2	2	2	2	2	3	3	3	3
Police Motorcycle Units	2	2	2	2	2	2	2	3	4	4
Public Works										
Streets-Paved	108	108	108	131	138	138	155	156	159	184
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds[a]	5	4	4	5	5	5	5	5	6	6
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	1	1
Aquatics Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Water and Sewer										
Fire Hydrants	1,206	1,216	1,256	1,270	1,270	1,431	1,510	1,527	1,559	1568
Ground Storage Facilities	4	4	4	4	4	4	4	4	4	4
Elevated Storage Faciliti	2	2	4	4	4	4	4	4	4	4
Lift Stations	17	17	18	19	20	20	20	21	22	22

Source: Town Departments

Notes: [a] Does not include HOA playgrounds

[b] Town has implemented a take-home vehicle program for officers